



# Iowa Residual Market State Activity Report

First Quarter 2021



## Executive Summary

NCCI, as Pool and Plan Administrator of the Iowa Workers Compensation Insurance Plan, is pleased to provide the First Quarter 2021 *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, 2021—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.

	2021	2020	2021 vs. 2020 #	2021 vs. 2020 %
<b>Policy Count</b>	3,406	3,538	-132	-3.7%
<b>Premium Volume</b>	\$23,934,737	\$24,002,231	-\$67,494	-0.3%

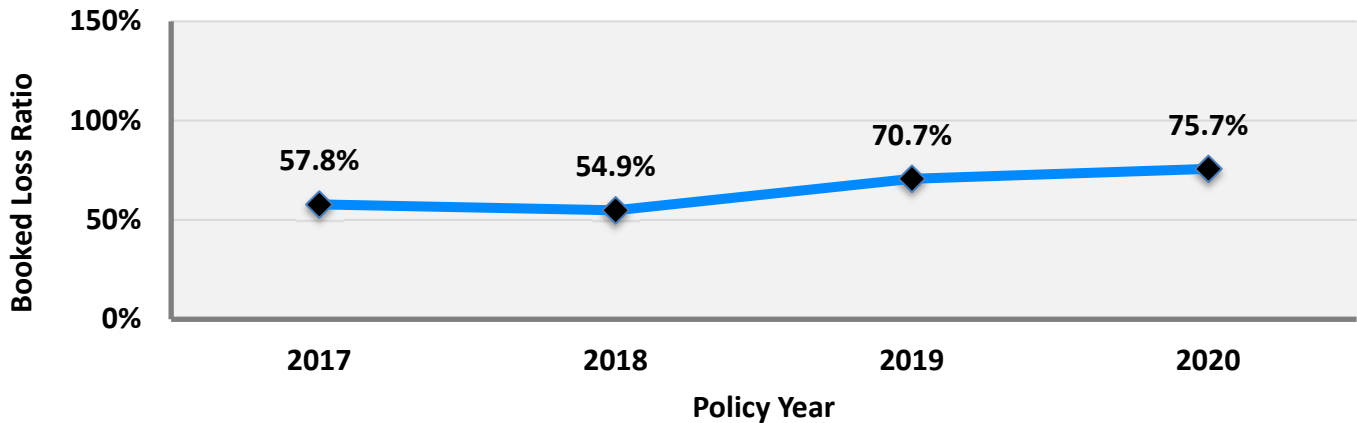


## Residual Market Demographics

### Iowa Residual Market Reinsurance Pool Booked Loss Ratio

#### Policy Year Financial Results through 4th Quarter 2020 for 2020 and prior years\*

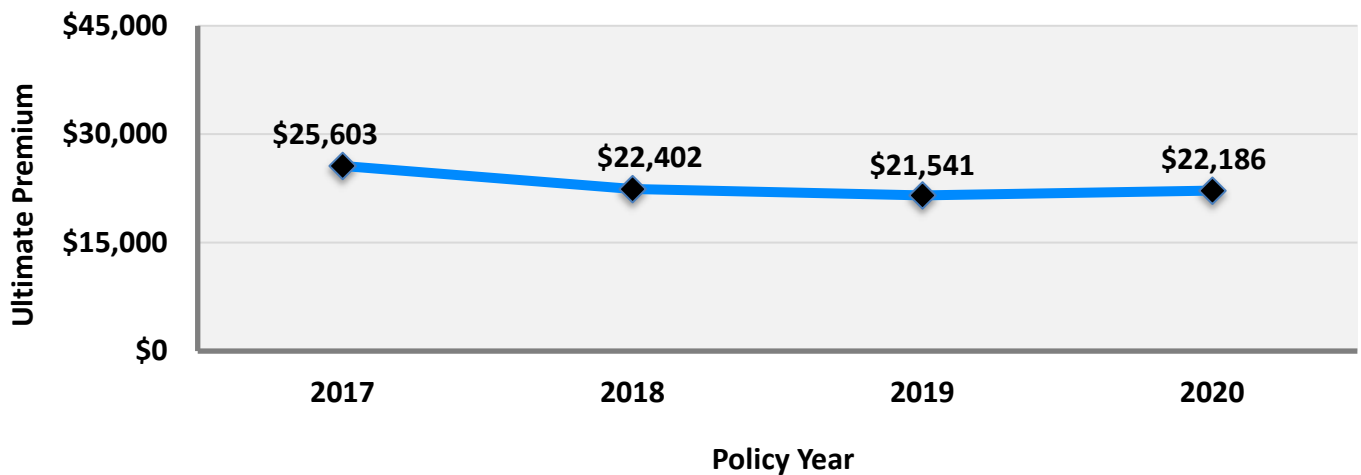
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 4th Quarter 2020 for 2020 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 2021 data will be available the end of July 2021 due to the timing of data reporting

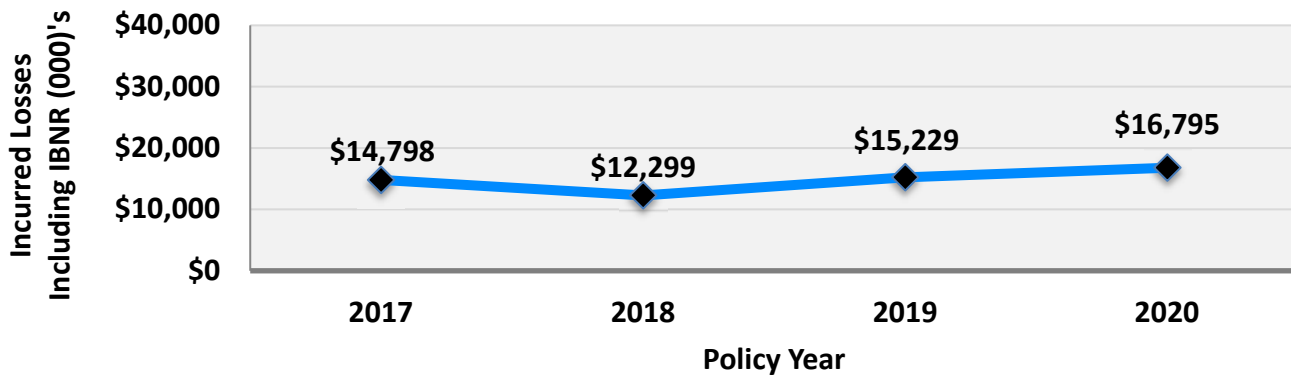


## Residual Market Demographics

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

#### Policy Year Financial Results through 4th Quarter 2020 for 2020 and prior years\*

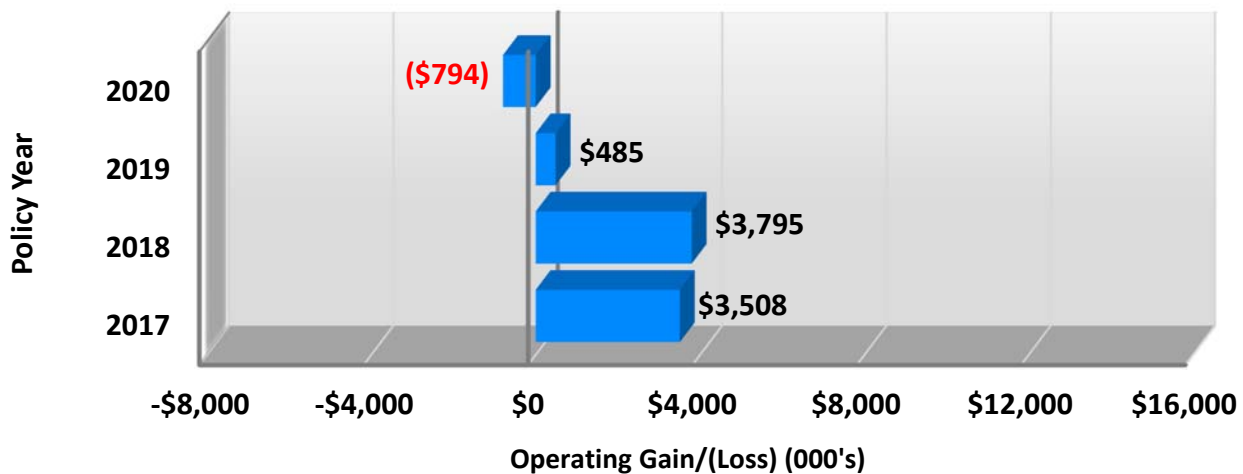
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



### 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 2020 for 2020 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 2021 data will be available the end of July 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 Iowa for Policy Years 2016-2020, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 4th Quarter 2020.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2016	32,888,499	1,187,106	3.6%
2017	26,288,556	685,966	2.6%
2018	22,833,982	432,136	1.9%
2019	21,805,658	*	N/A
2020	18,953,267	*	N/A

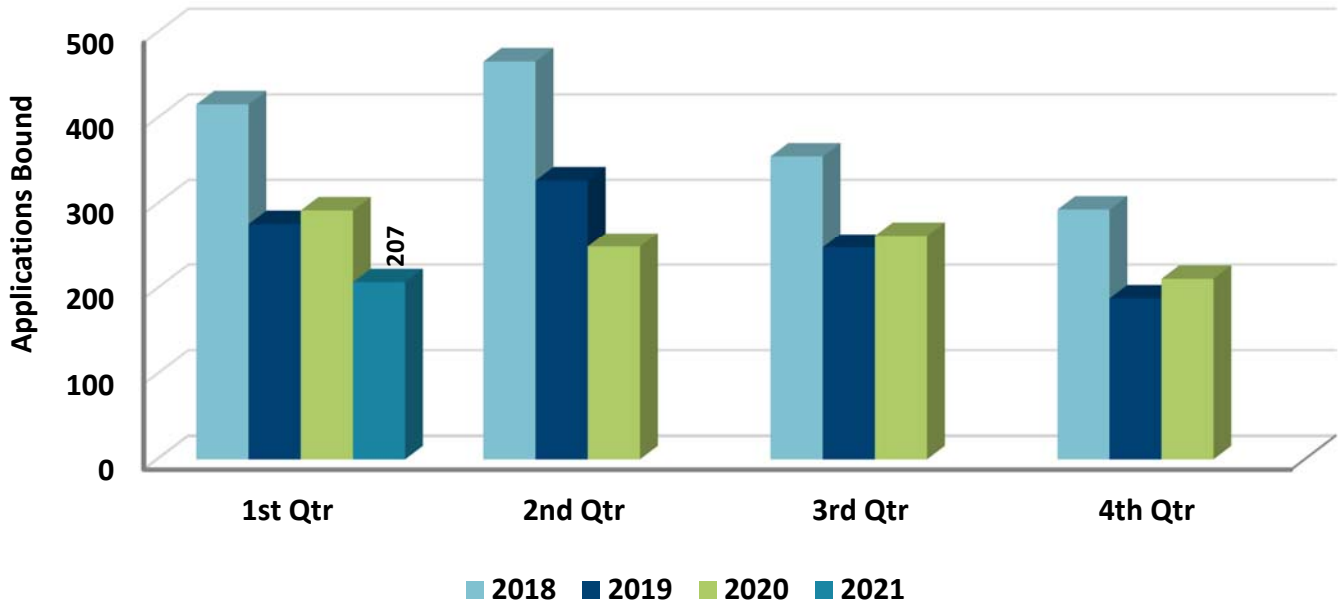
\* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed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



## Residual Market Demographics

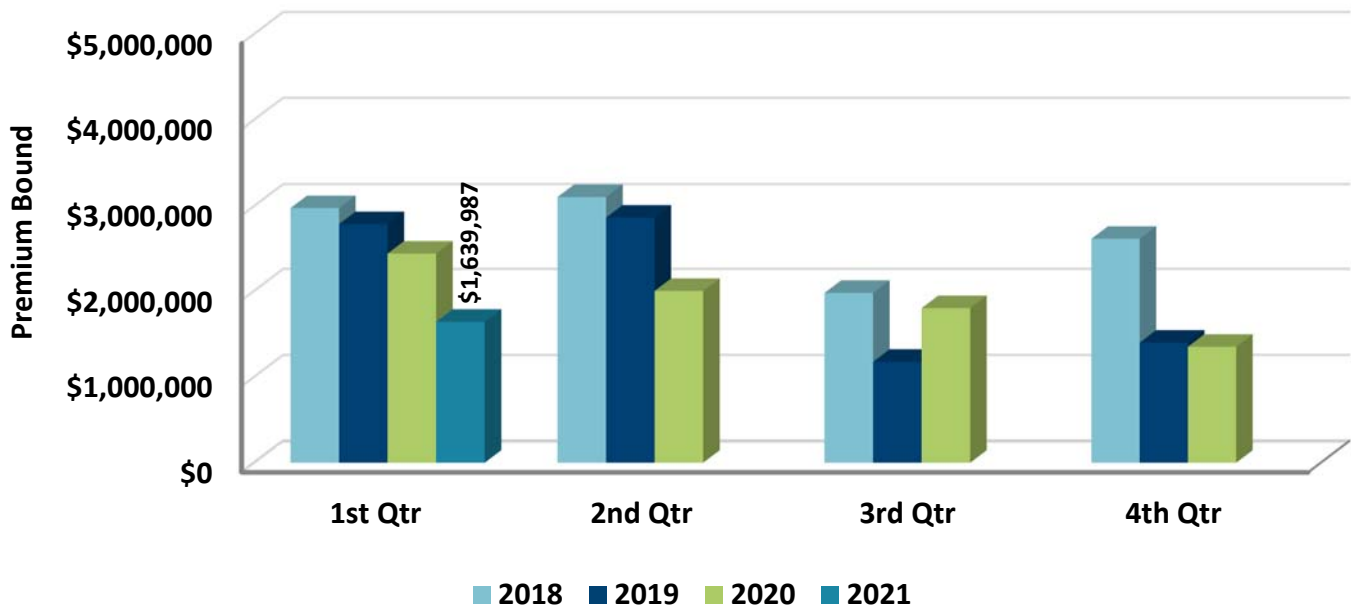
### Total Applications Bound — 2018 vs. 2019 vs. 2020 vs. 2021

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 — 2018 vs. 2019 vs. 2020 vs. 2021

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).



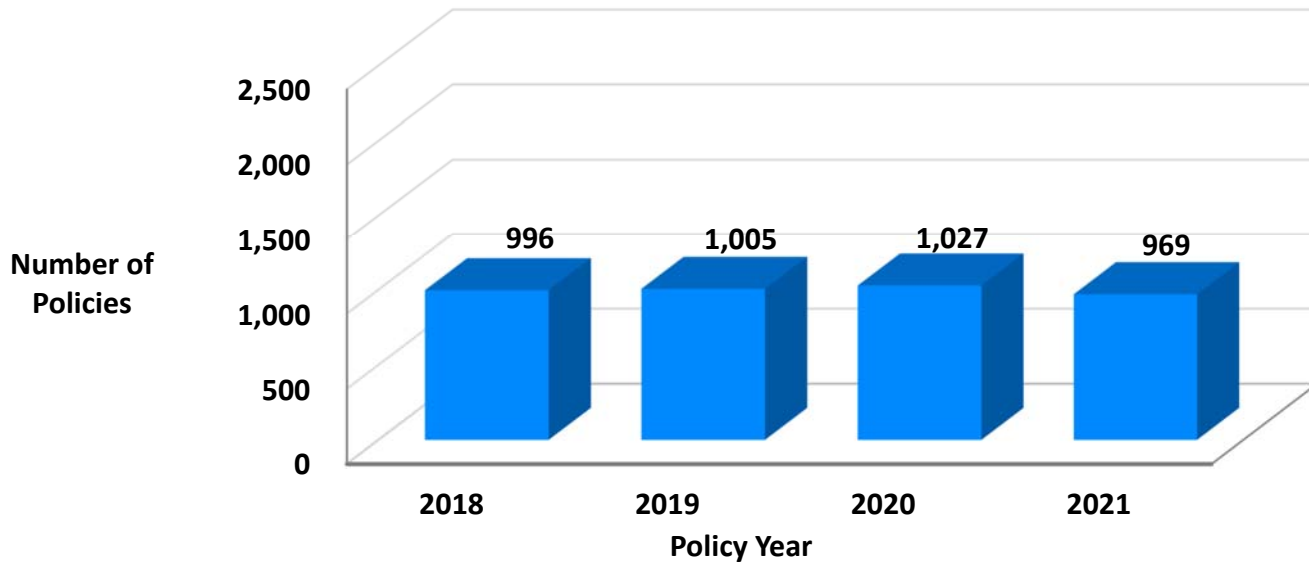


## Residual Market Demographics

### Residual Market Total Policy Counts

#### First Quarter Data for Policies Reported through March 31, 2021

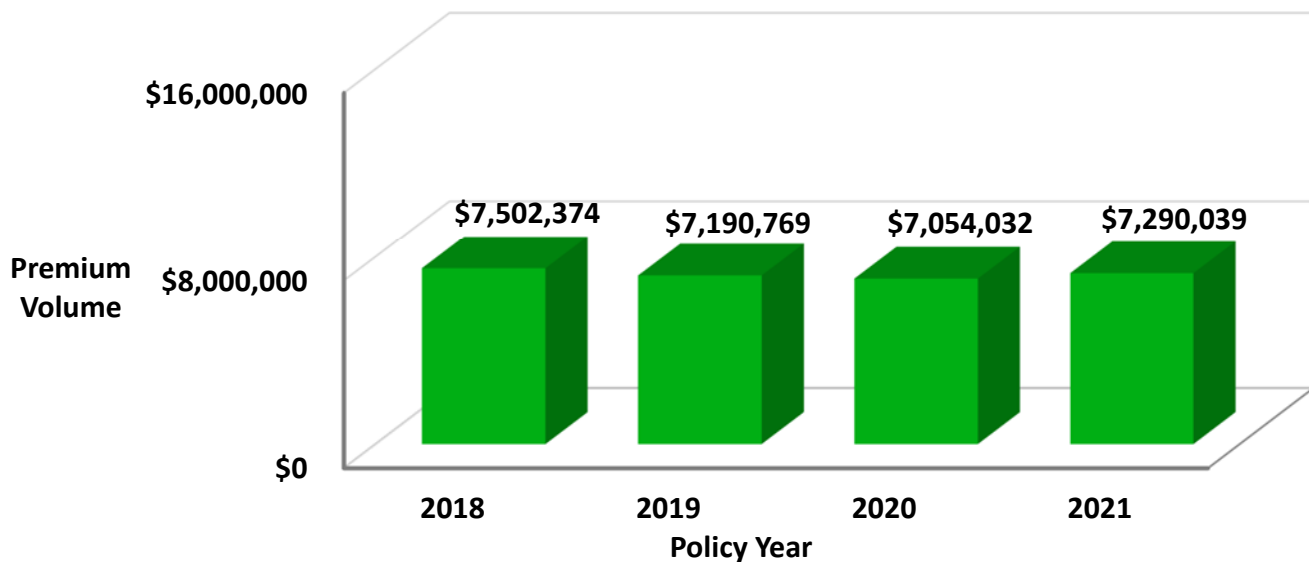
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### First Quarter Data Reported through March 31, 2021

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







# Iowa Residual Market State Activity Report

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## Residual Market Demographics

### Total Premium Distribution by Size of Risk

#### First Quarter Data Reported through March 31, 2021

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	500	51.6	563,115	7.7	1,126
\$2500–4999	160	16.5	566,851	7.8	3,543
\$5000–9999	152	15.7	1,037,603	14.2	6,826
\$10000–19999	79	8.2	1,099,424	15.1	13,917
\$20000–49999	53	5.5	1,615,338	22.2	30,478
\$50000–99999	18	1.9	1,227,538	16.8	68,197
\$100000–199999	6	0.6	777,579	10.7	129,597
\$200000 +	1	0.1	402,591	5.5	402,591
Total	969	100.0	7,290,039	100.0	7,523

### First Quarter 2020 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0–2499	564	54.9	599,343	8.5	1,063
\$2500–4999	166	16.2	586,337	8.3	3,532
\$5000–9999	148	14.4	1,008,998	14.3	6,818
\$10000–19999	73	7.1	1,049,663	14.9	14,379
\$20000–49999	55	5.4	1,750,118	24.8	31,820
\$50000–99999	15	1.5	1,014,012	14.4	67,601
\$100000–199999	4	0.4	437,212	6.2	109,303
\$200000 +	2	0.2	608,349	8.6	304,175
Total	1,027	100.0	7,054,032	100.0	6,869



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count First Quarter Data Reported through March 31, 2021

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	0037 - Farm: Field Crops & Drivers	99	10.2
2	7219 - Trucking - NOC-All Employees & Drivers	75	7.7
3	5551 - Roofing-All Kinds & Drivers	52	5.4
4	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	40	4.1
5	0083 - Farm: Cattle or Livestock Raising NOC & Drivers	35	3.6
6	7711 - Firefighters & Drivers - Volunteer	31	3.2
7	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	25	2.6
8	9063 - YMCA, YWCA, YMHA or YWHA, Institution-All Employees & Clerical	21	2.2
9	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	20	2.1
10	8810 - Clerical Office Employees NOC	18	1.9

### Residual Market Top 10 Classification Codes by Premium Volume First Quarter Data Reported through March 31, 2021

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	7219 - Trucking - NOC-All Employees & Drivers	763,148	10.5
2	0037 - Farm: Field Crops & Drivers	506,304	6.9
3	2883 - Furniture Manufacturing and Cabinet Shop - Wood NOC	402,591	5.5
4	5551 - Roofing-All Kinds & Drivers	358,249	4.9
5	0083 - Farm: Cattle or Livestock Raising NOC & Drivers	310,791	4.3
6	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	290,311	4.0
7	5183 - Plumbing NOC & Drivers	231,217	3.2
8	8835 - Home, Public, And Traveling Healthcare - All Employees	211,795	2.9
9	8824 - Retirement Living Centers - Health Care Employees	198,217	2.7
10	5221 - Concrete or Cement Work- Floors, Driveways, Yards or Sidewalks-& Drivers	187,180	2.6



## 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.