



Iowa Residual Market State Activity Report

Annual 2018



Executive Summary

NCCI, as Pool and Plan Administrator of the Iowa Workers Compensation Insurance Plan, is pleased to provide the Annual 2018 *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:

Table of Contents

Residual Market Demographics	
Residual Market Total Policies and Premium in Force	1
Iowa Residual Market Reinsurance Pool Booked Loss Ratio	2
Iowa Residual Market Reinsurance Pool Ultimate Net Written Premium	2
Iowa Residual Market Reinsurance Pool Net Operating Results	3
Collections/Indemnification.....	4
Total Applications Bound.....	5
Total Application Premium Bound.....	5
Residual Market Total Policy Counts	6
Residual Market Total Premium Volume.....	6
Total Premium Distribution by Size of Risk.....	7
Residual Market Top 10 Classification Codes by Policy Count	8
Residual Market Top 10 Classification Codes by Premium Volume	8
Glossary of Terms.....	9

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 2019 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, 2018—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.

	2018	2017	2018 vs. 2017 #	2018 vs. 2017 %
Policy Count	3,911	4,351	-440	-10.1%
Premium Volume	\$24,262,438	\$29,460,349	\$-5,197,911	-17.6%

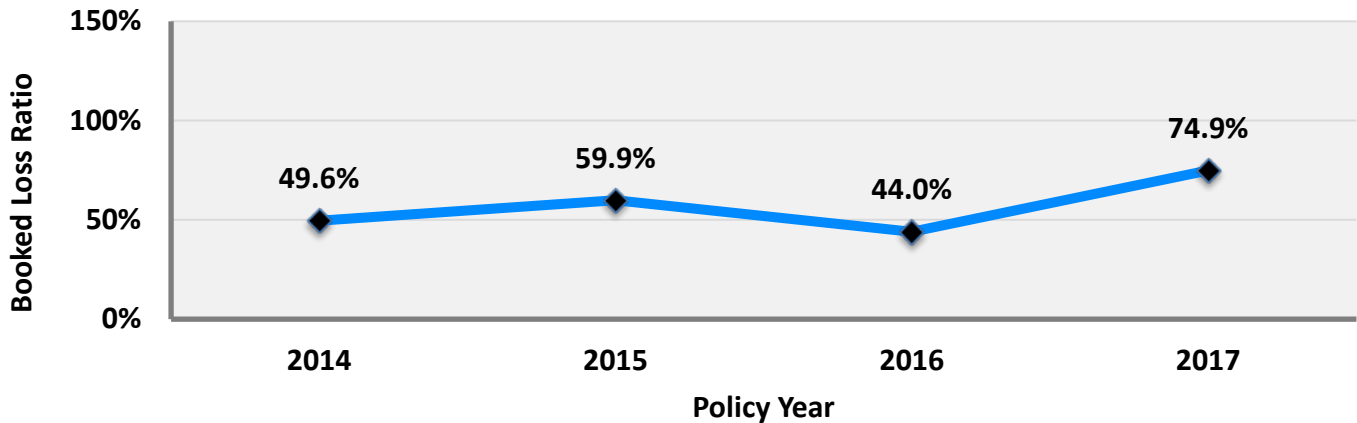


Residual Market Demographics

Iowa Residual Market Reinsurance Pool Booked Loss Ratio

Policy Year Financial Results through 3rd Quarter 2018 for 2017 and prior years*

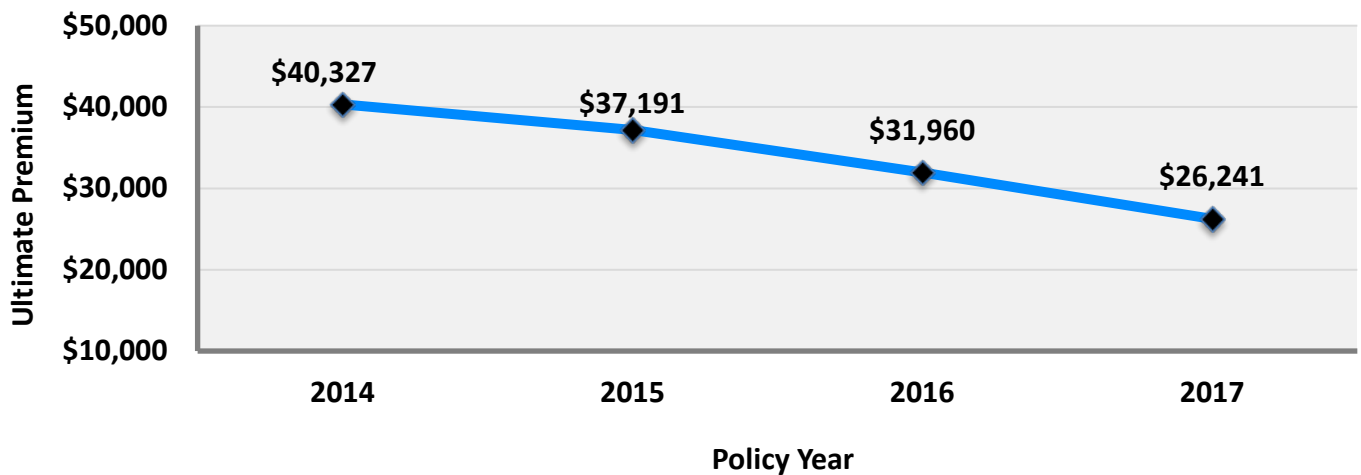
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 3rd Quarter 2018 for 2017 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 2018 data will be available the end of April 2019 due to the timing of data reporting

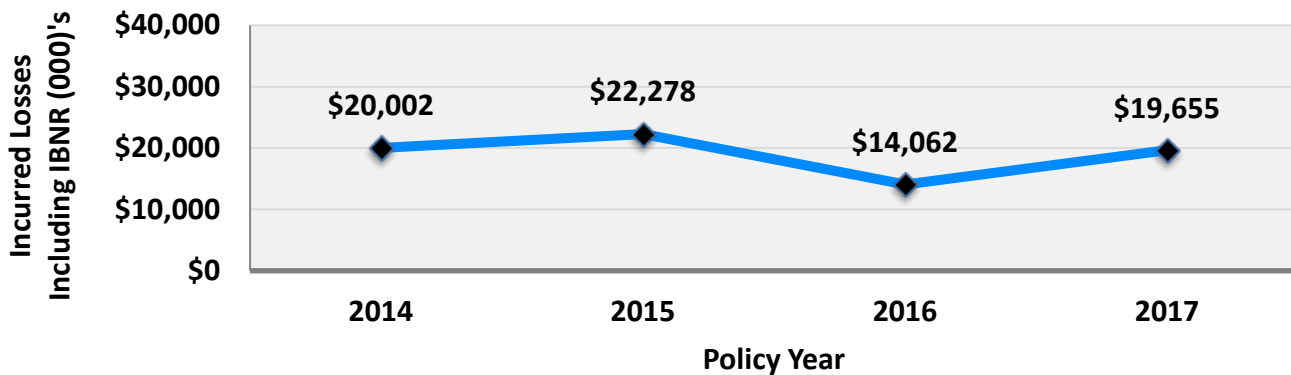


Residual Market Demographics

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

Policy Year Financial Results through 3rd Quarter 2018 for 2017 and prior years*

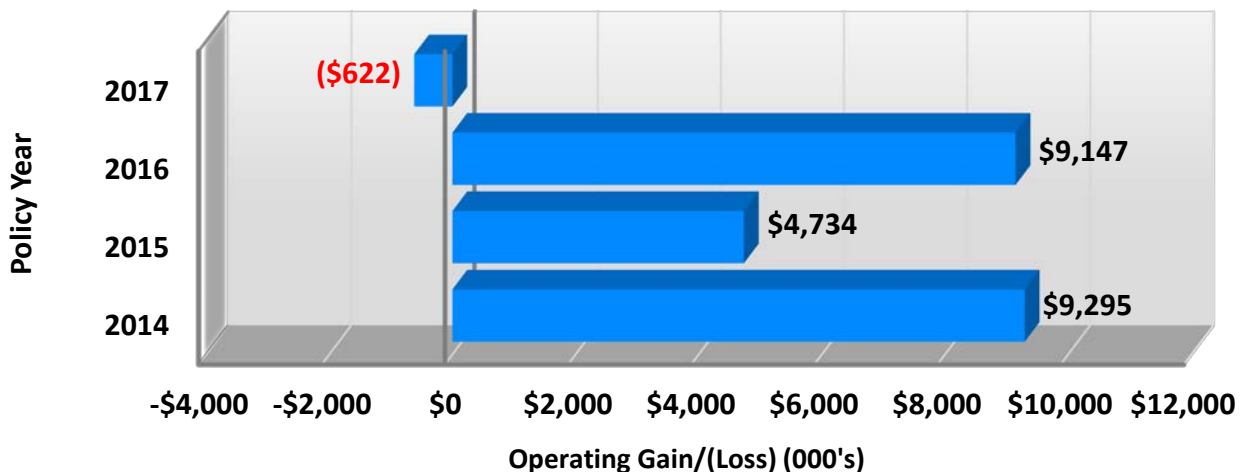
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 3rd Quarter 2018 for 2017 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 2018 data will be available the end of April 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 3rd Quarter 2018.

Policy Year	Gross Written Premium	Uncollectible Premium	Percentage
2014	\$40,995,700	\$669,018	1.6%
2015	\$38,334,995	\$1,143,727	3.0%
2016	\$32,951,970	\$1,157,146	3.5%
2017	\$26,214,285	*	N/A
2018	\$14,500,904	*	N/A

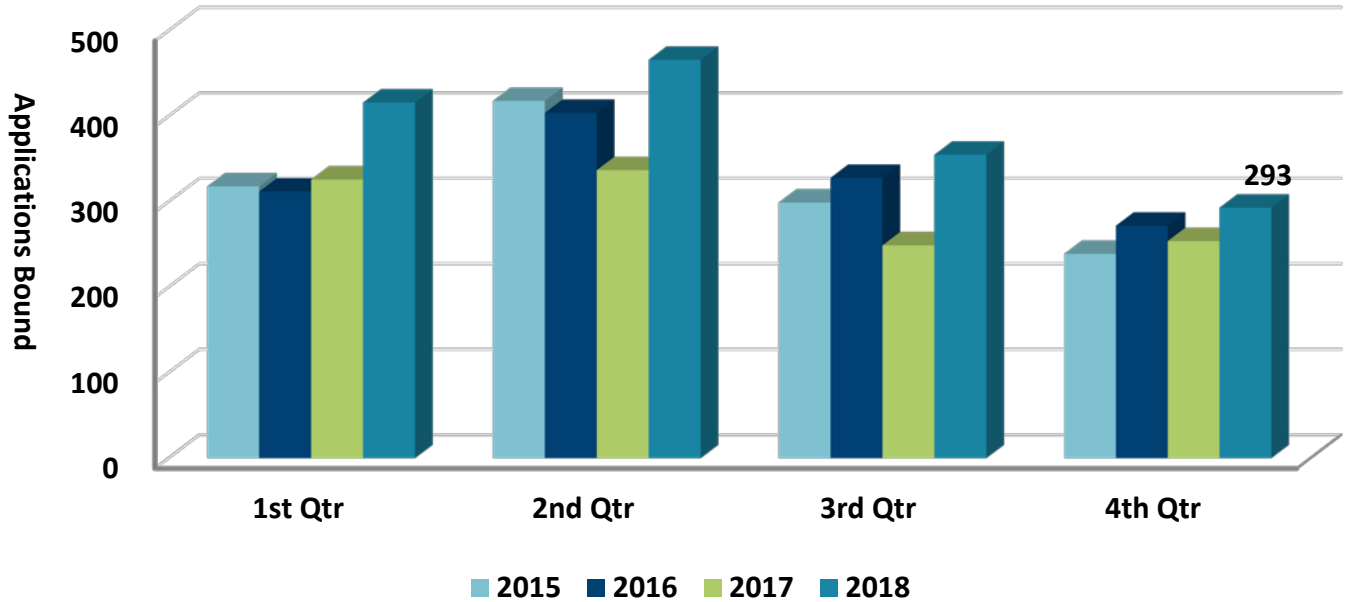
* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed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



Residual Market Demographics

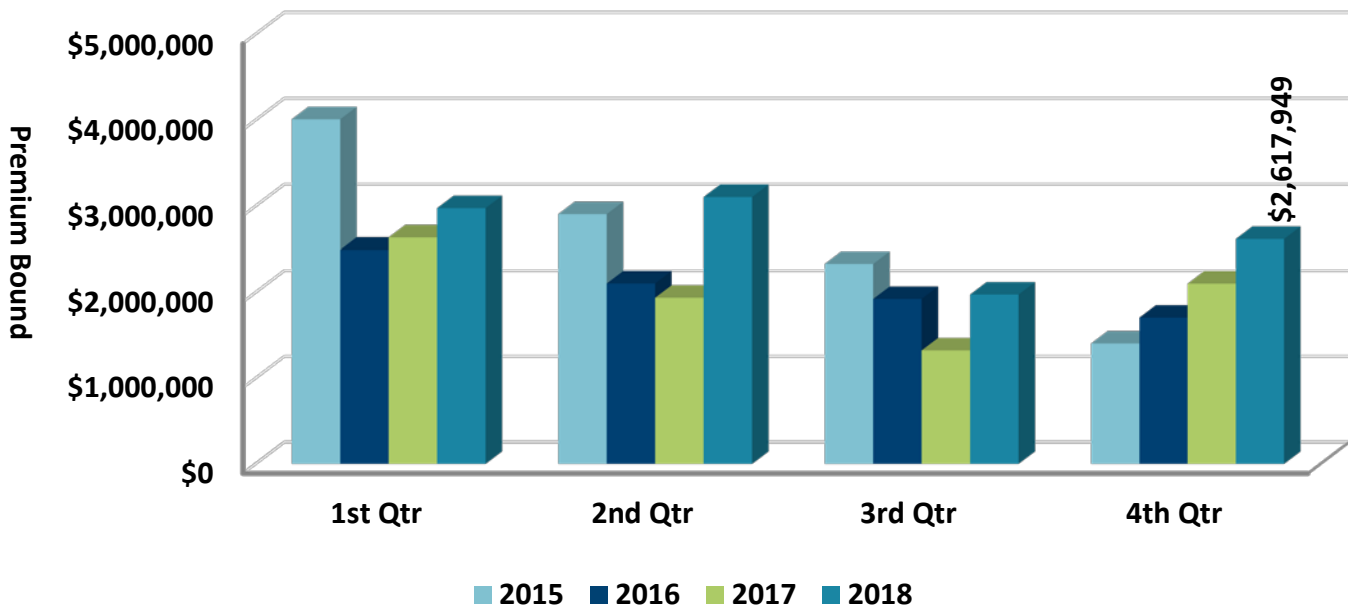
Total Applications Bound — 2015 vs. 2016 vs. 2017 vs. 2018

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 — 2015 vs. 2016 vs. 2017 vs. 2018

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).



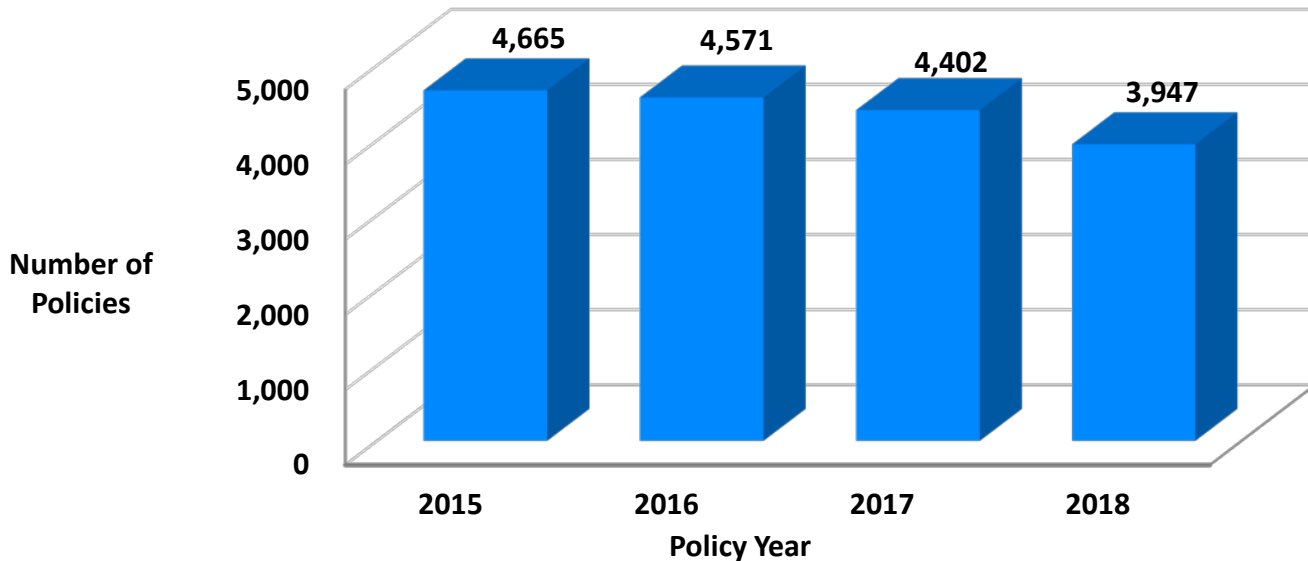


Residual Market Demographics

Residual Market Total Policy Counts

Annual Data for Policies Reported through December 31, 2018

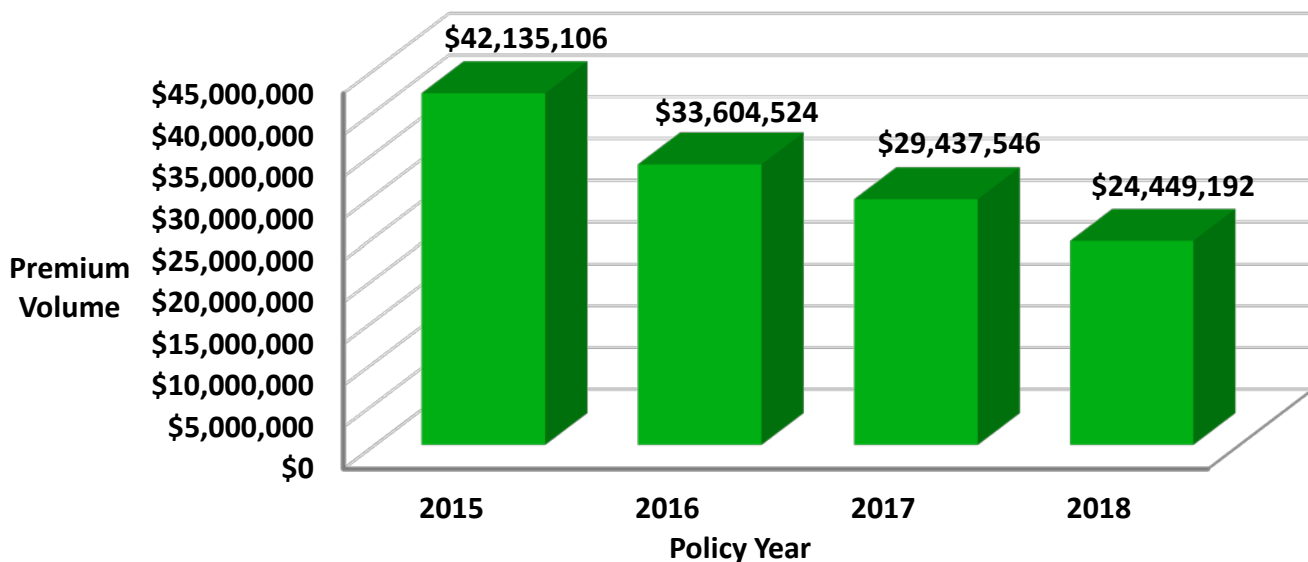
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Annual Data Reported through December 31, 2018

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, 2018

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	2,222	56.3%	\$2,142,449	8.8%	\$964
\$2500–4999	678	17.2%	\$2,432,537	10.0%	\$3,587
\$5000–9999	519	13.2%	\$3,689,359	15.1%	\$7,108
\$10000–19999	282	7.1%	\$3,959,854	16.2%	\$14,042
\$20000–49999	177	4.5%	\$5,590,827	22.9%	\$31,586
\$50000–99999	47	1.2%	\$3,229,030	13.2%	\$68,702
\$100000–199999	20	0.5%	\$2,744,894	11.2%	\$137,244
\$200000 +	2	0.1%	\$660,242	2.7%	\$330,121
Total	3,947	100.0%	\$24,449,192	100.0%	\$6,194

Annual 2017 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium	% of Total Premium	Average Premium
\$0–2499	2,440	55.4%	\$2,292,924	7.8%	\$939
\$2500–4999	789	17.9%	\$2,869,104	9.8%	\$3,636
\$5000–9999	531	12.1%	\$3,720,890	12.6%	\$7,007
\$10000–19999	374	8.5%	\$5,177,720	17.6%	\$13,844
\$20000–49999	184	4.2%	\$5,949,869	20.2%	\$32,336
\$50000–99999	53	1.2%	\$3,450,316	11.7%	\$65,100
\$100000–199999	24	0.6%	\$3,107,002	10.6%	\$129,458
\$200000 +	7	0.2%	\$2,869,721	9.8%	\$409,960
Total	4,402	100.0%	\$29,437,546	100.0%	\$6,687



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Annual Data Reported through December 31, 2018

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	291	7.4%
2	7219	Trucking - NOC-All Employees & Drivers	268	6.8%
3	7711	Firefighters & Drivers - Volunteer	186	4.7%
4	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories In Height	176	4.5%
5	0106	Tree Pruning Spraying Repairing - All Operations & Drivers	146	3.7%
6	5551	Roofing-All Kinds & Drivers	133	3.4%
7	0083	Farm: Cattle or Livestock Raising NOC & Drivers	117	3.0%
8	8810	Clerical Office Employees NOC	81	2.1%
9	9014	Janitorial Services By Contractors-No Window Cleaning Above Ground Level & Drivers	73	1.9%
10	9063	YMCA YWCA YMHA or YWHA Institution-All Employees & Clerical	72	1.8%

Residual Market Top 10 Classification Codes by Premium Volume Annual Data Reported through December 31, 2018

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	\$2,739,029	11.2%
2	0037	Farm: Field Crops & Drivers	\$1,035,369	4.2%
3	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories In Height	\$980,252	4.0%
4	5551	Roofing-All Kinds & Drivers	\$945,340	3.9%
5	7711	Firefighters & Drivers – Volunteer	\$787,435	3.2%
6	0106	Tree Pruning Spraying Repairing - All Operations & Drivers	\$767,429	3.1%
7	8380	Automobile Service or Repair Center & Drivers	\$622,238	2.6%
8	0083	Farm: Cattle or Livestock Raising NOC & Drivers	\$604,344	2.5%
9	9403	Garbage Ashes or Refuse Collection & Drivers	\$574,372	2.4%
10	3724	Machinery or Equipment Erection or Repair NOC & Drivers	\$513,178	2.1%



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.