



# Iowa Residual Market State Activity Report

Second Quarter 2017



## Executive Summary

NCCI, as Pool and Plan Administrator of the Iowa Workers Compensation Insurance Plan, is pleased to provide the Second Quarter 2017 *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.....	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.

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## Residual Market Demographics

### Residual Market Total Policies and Premium in Force

As of June 30, 2017—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.

	2017	2016	2017 vs. 2016 #	2017 vs. 2016 %
<b>Policy Count</b>	4,423	4,548	-125	-2.7%
<b>Premium Volume</b>	\$31,267,437	\$36,501,297	-\$5,233,860	-14.3%



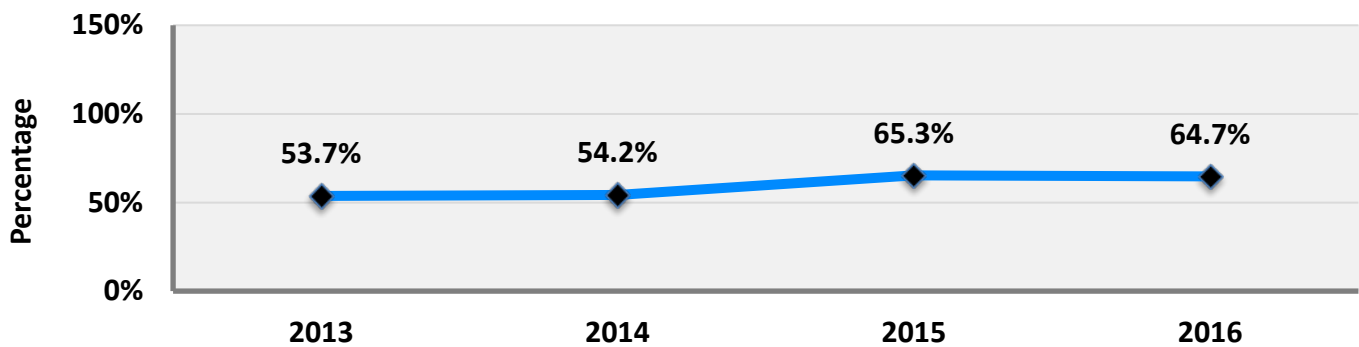
## Residual Market Demographics

### Iowa Residual Market Reinsurance Pool Booked Loss Ratio

#### Policy Year Financial Results through 1st Quarter 2017 for 2016 and prior years\*

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

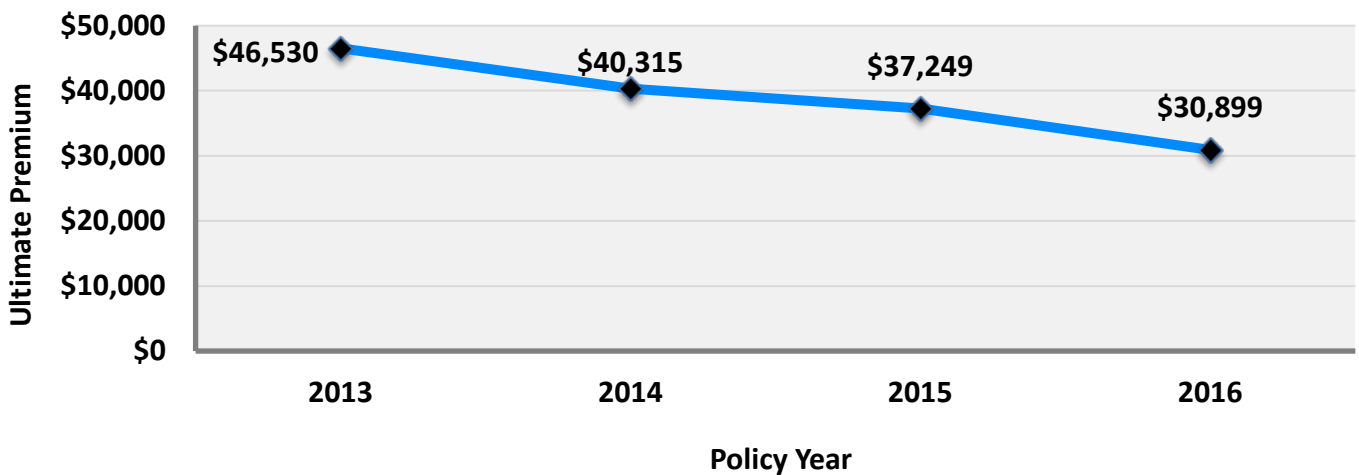
#### Booked Loss Ratio



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

#### Policy Year Financial Results through 1st Quarter 2017 for 2016 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.



\* Second Quarter 2017 data will be available the end of October 2017 due to the timing of data reporting

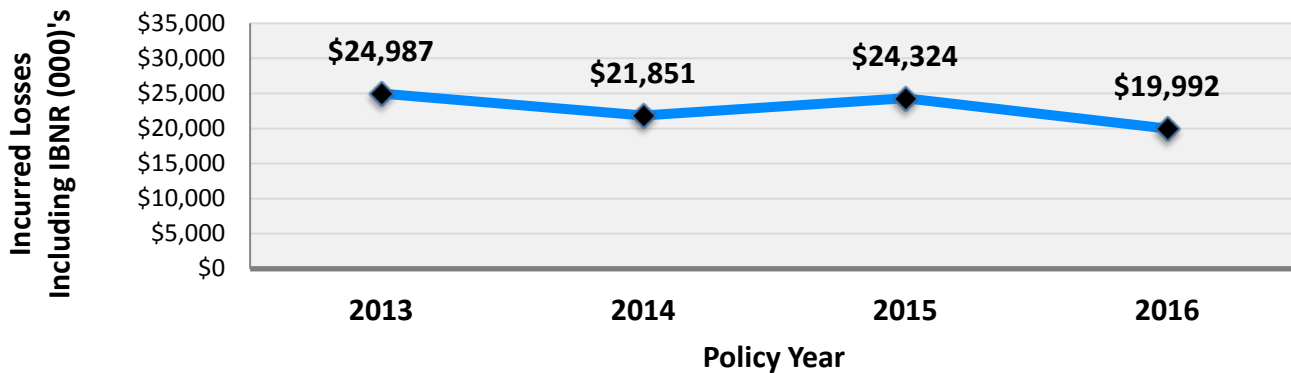


## Residual Market Demographics

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

#### Policy Year Financial Results through 1st Quarter 2017 for 2016 and prior years\*

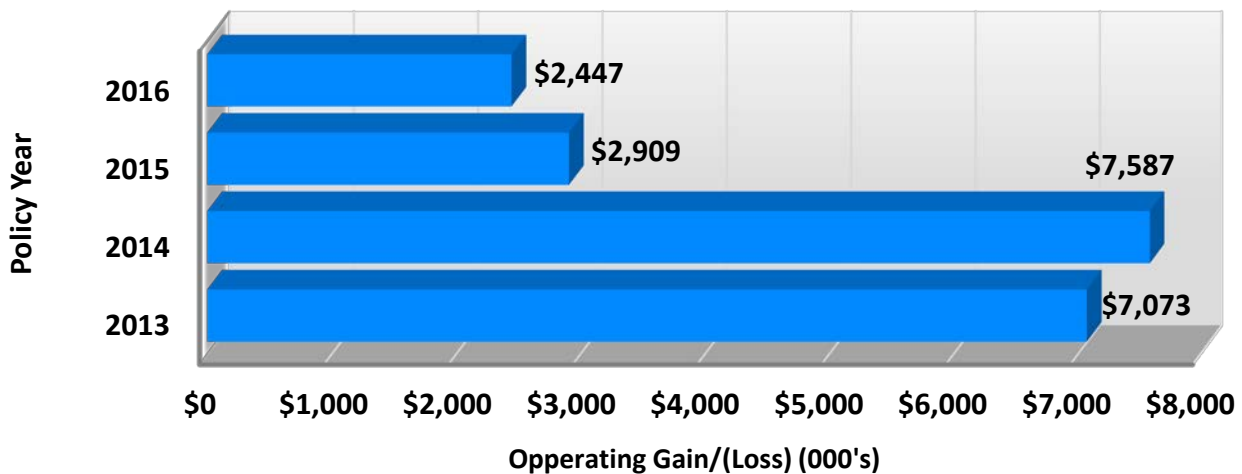
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

#### Policy Year Financial Results through 1st Quarter 2017 for 2016 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.



\* Second Quarter 2017 data will be available the end of October 2017 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 2013-2017, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through First Quarter 2017.

Policy Year	Gross Written Premium	Uncollectible Premium	Percentage
2013	\$47,332,600	\$802,741	1.7%
2014	\$41,004,062	\$688,912	1.7%
2015	\$38,186,386	\$896,326	2.3%
2016	\$29,303,747	*	N/A
2017	\$4,594,859	*	N/A

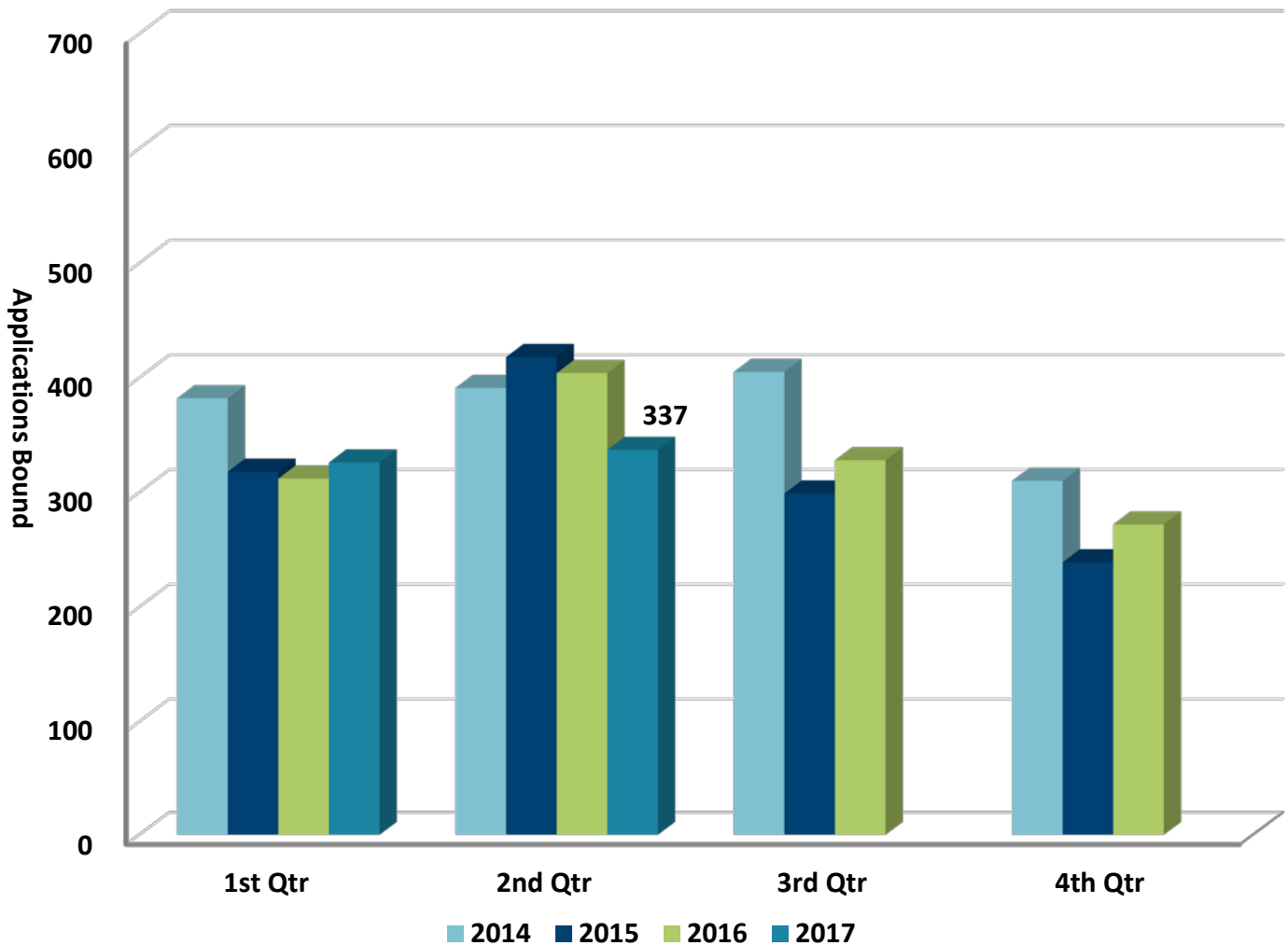
\* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed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



## Residual Market Demographics

### Total Applications Bound 2014 vs. 2015 vs. 2016 vs. 2017

The number of applications—both new and churn—that are assigned to a Servicing Carrier or a Direct Assignment Carrier (if applicable).

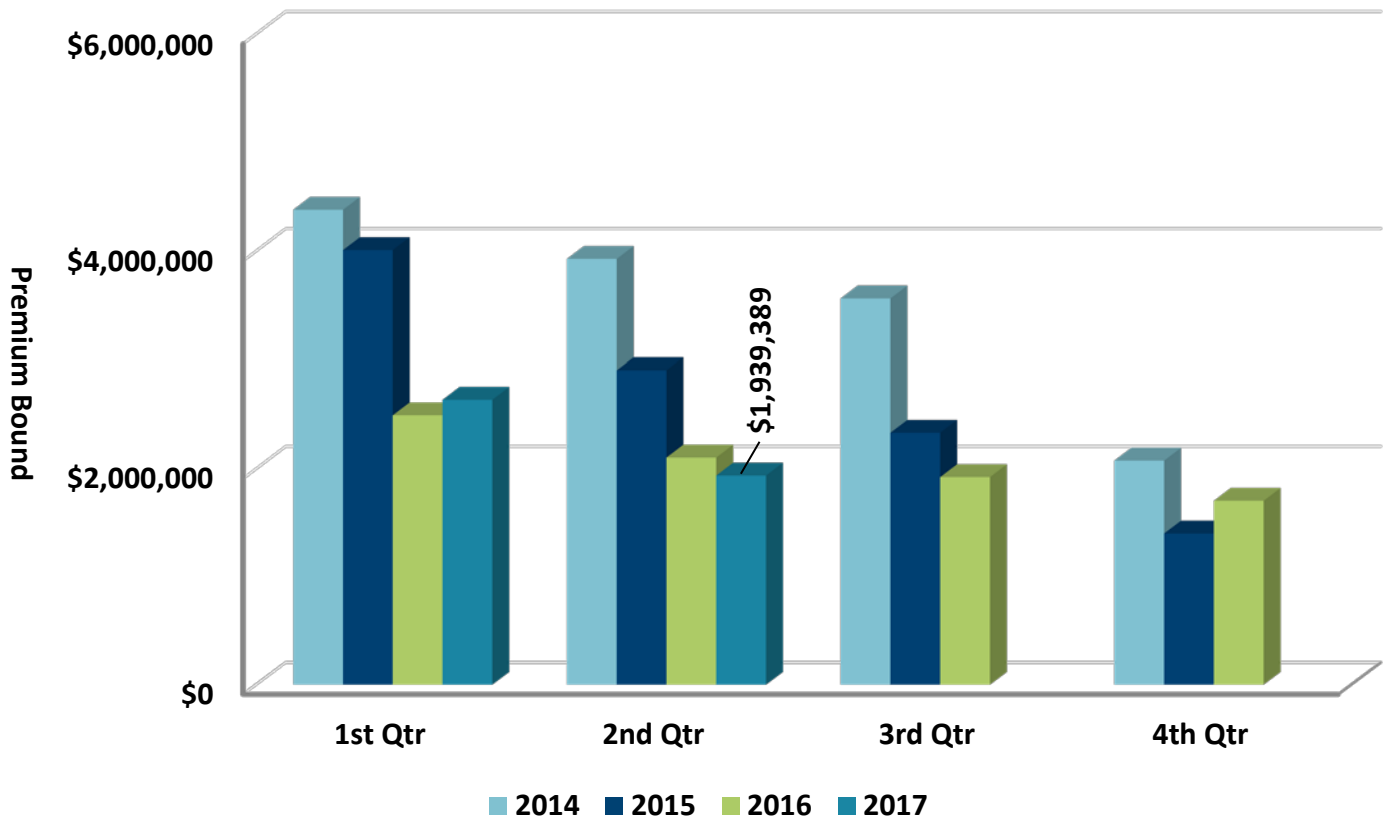




## Residual Market Demographics

### Total Application Premium Bound 2014 vs. 2015 vs. 2016 vs. 2017

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).





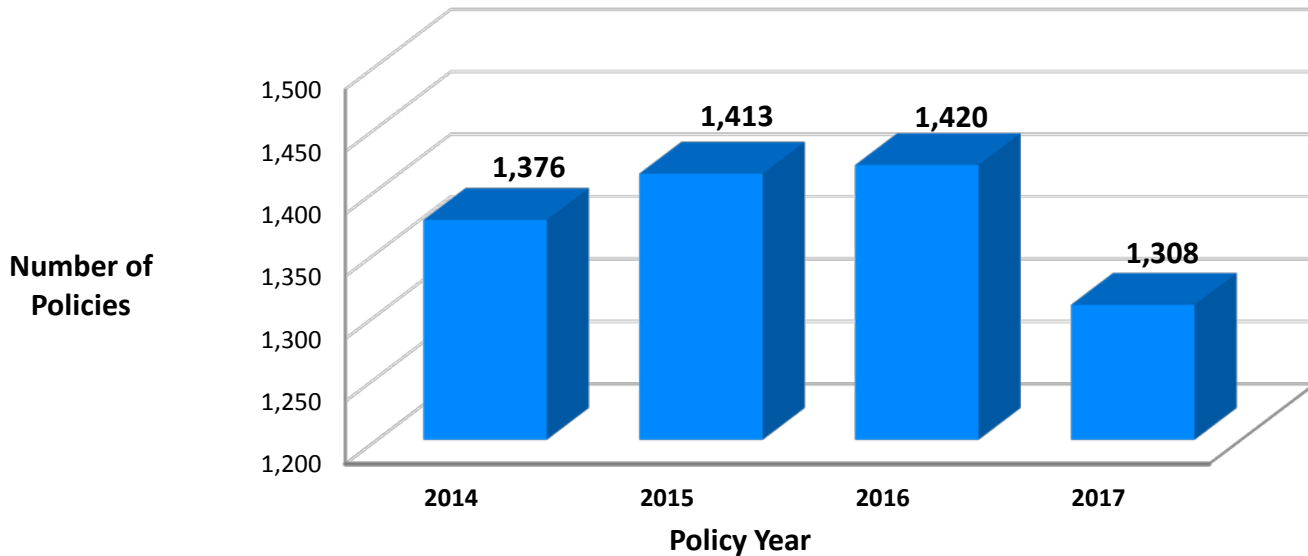


## Residual Market Demographics

### Residual Market Total Policy Counts

#### Second Quarter Data for Policies Reported through June 30, 2017

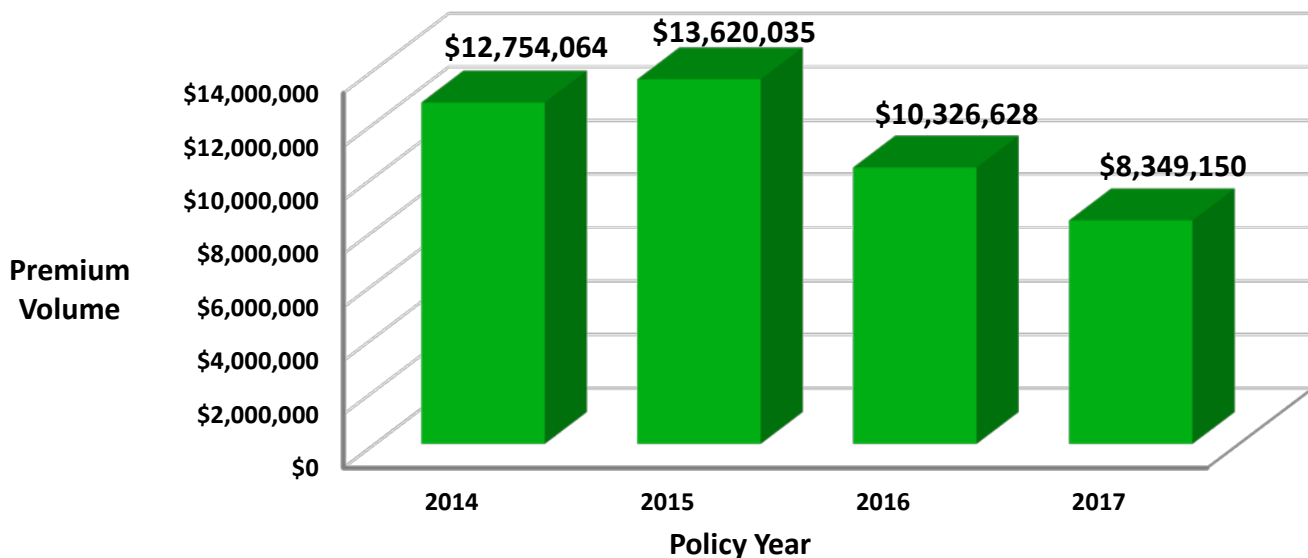
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Second Quarter Data Reported through June 30, 2017

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

#### Second Quarter Data Reported through June 30, 2017

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	726	55.5%	\$723,865	8.7%	\$997
\$2500–4999	225	17.2%	\$820,537	9.8%	\$3,646
\$5000–9999	164	12.5%	\$1,170,965	14.0%	\$7,140
\$10000–19999	114	8.7%	\$1,598,002	19.1%	\$14,017
\$20000–49999	61	4.7%	\$1,911,526	22.9%	\$31,336
\$50000–99999	8	0.6%	\$510,027	6.1%	\$63,753
\$100000–199999	9	0.7%	\$1,190,001	14.3%	\$132,222
\$200000 +	1	0.1%	\$424,227	5.1%	\$424,227
Total	1,308	100.0%	\$8,349,150	100.0%	\$6,383

### Second Quarter 2016 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium	% of Total Premium	Average Premium
\$0–2499	773	54.4%	\$734,225	7.1%	\$949
\$2500–4999	247	17.4%	\$881,614	8.5%	\$3,569
\$5000–9999	176	12.4%	\$1,264,400	12.2%	\$7,184
\$10000–19999	131	9.2%	\$1,820,405	17.6%	\$13,896
\$20000–49999	64	4.5%	\$1,943,917	18.8%	\$30,373
\$50000–99999	12	0.9%	\$835,247	8.1%	\$69,603
\$100000–199999	13	0.9%	\$1,684,443	16.3%	\$129,572
\$200000 +	4	0.3%	\$1,162,377	11.3%	\$290,594
Total	1,420	100%	\$10,326,628	100%	\$7,272



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count Second Quarter Data Reported through June 30, 2017

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	107	8.2%
2	5551	Roofing-All Kinds & Drivers	64	4.9%
3	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	57	4.4%
4	7711	Firefighters & Drivers - Volunteer	55	4.2%
5	0106	Tree Pruning Spraying Repairing Trimming or Fumigating & Drivers	55	4.2%
6	7229	Trucking-Long Distance Hauling-& Drivers	46	3.5%
7	0083	Farm: Cattle or Livestock Raising NOC & Drivers	37	2.8%
8	7228	Trucking-Local Hauling Only-& Drivers	31	2.4%
9	9102	Park NOC-All Employees & Drivers	29	2.2%
10	5403	Carpentry NOC	25	1.9%

### Residual Market Top 10 Classification Codes by Premium Volume Second Quarter Data Reported through June 30, 2017

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	0106	Tree Pruning Spraying Repairing Trimming or Fumigating & Drivers	\$475,012	5.7%
2	7229	Trucking-Long Distance Hauling-& Drivers	\$451,995	5.4%
3	8006	Store: Grocery Retail	\$424,938	5.1%
4	0037	Farm: Field Crops & Drivers	\$359,165	4.3%
5	5551	Roofing-All Kinds & Drivers	\$342,236	4.1%
6	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	\$309,092	3.7%
7	7228	Trucking-Local Hauling Only-& Drivers	\$301,865	3.6%
8	7711	Firefighters & Drivers - Volunteer	\$248,622	3.0%
9	7720	Police Officers & Drivers	\$243,404	2.9%
10	3724	Machinery or Equipment Erection Or Repair NOC & Drivers	\$186,898	2.2%



## 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.