



# Iowa Residual Market State Activity Report

Second Quarter 2023



## Executive Summary

NCCI, as Pool and Plan Administrator of the Iowa Workers Compensation Insurance Plan, is pleased to provide the Second Quarter 2023 *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.

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## Residual Market Demographics

### Residual Market Total Policies and Premium in Force

As of June 30, 2023—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.

	2023	2022	2023 vs. 2022 #	2023 vs. 2022 %
<b>Policy Count</b>	3,143	3,260	-117	-3.6%
<b>Premium Volume</b>	\$21,030,194	\$22,531,024	-\$1,500,830	-6.7%

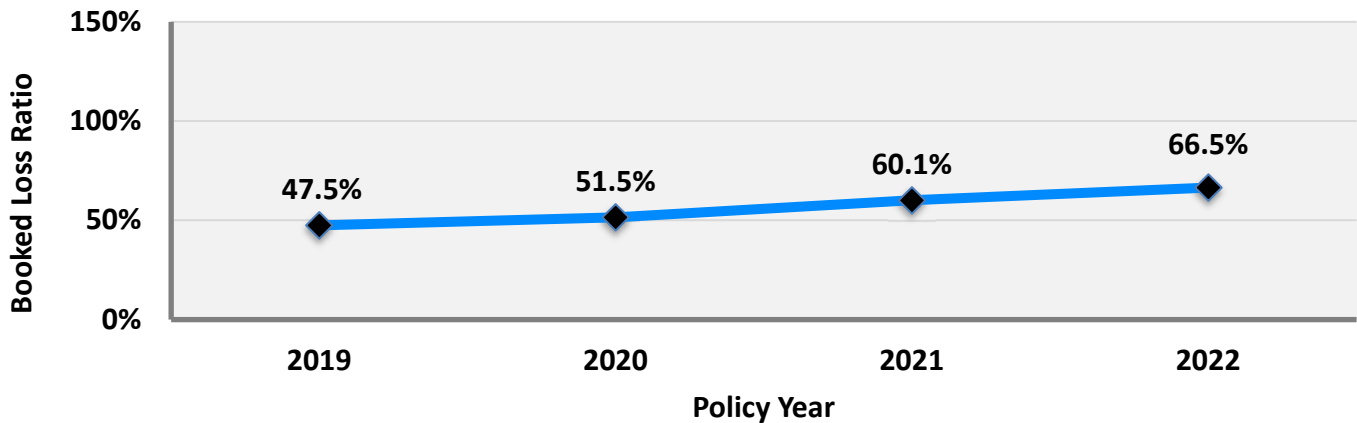


## Residual Market Demographics

### Iowa Residual Market Reinsurance Pool Booked Loss Ratio (Projected to Ultimate)

#### Policy Year Financial Results through 1st Quarter 2023 for 2022 and prior years\*

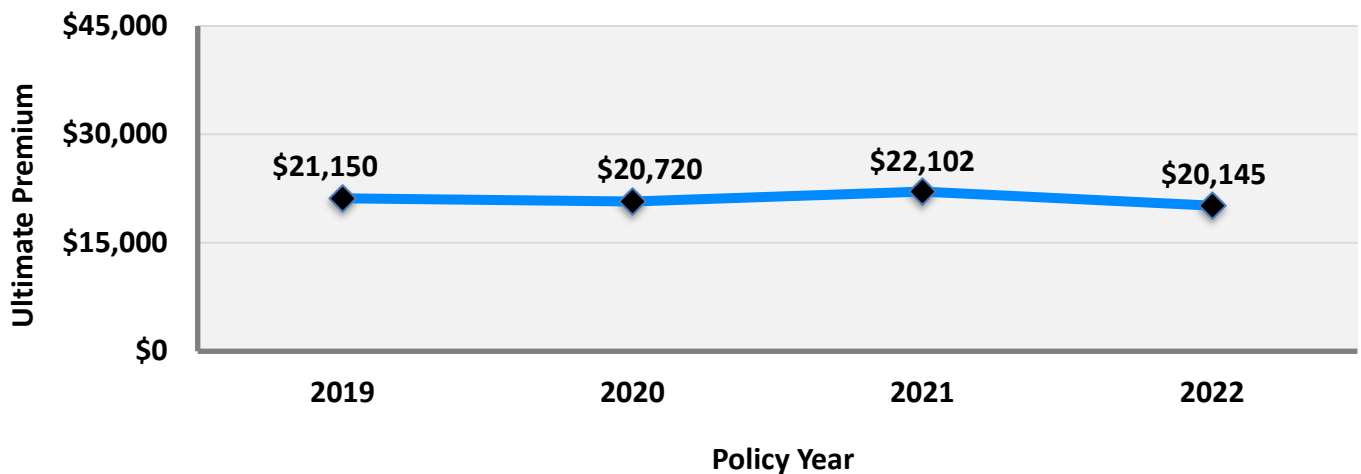
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 1st Quarter 2023 for 2022 and prior years\*

The premium charged by an insurance company for coverage provided by an insurance contract for the policy period in this state.



\*2nd Quarter 2023 data will be available the end of October 2023 due to the timing of data reporting

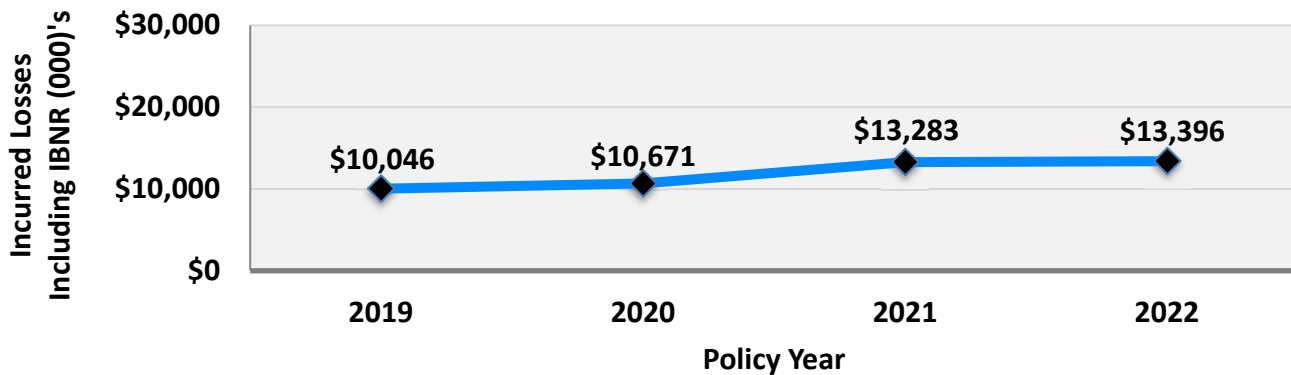


## Residual Market Demographics

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

#### Policy Year Financial Results through 1st Quarter 2023 for 2022 and prior years\*

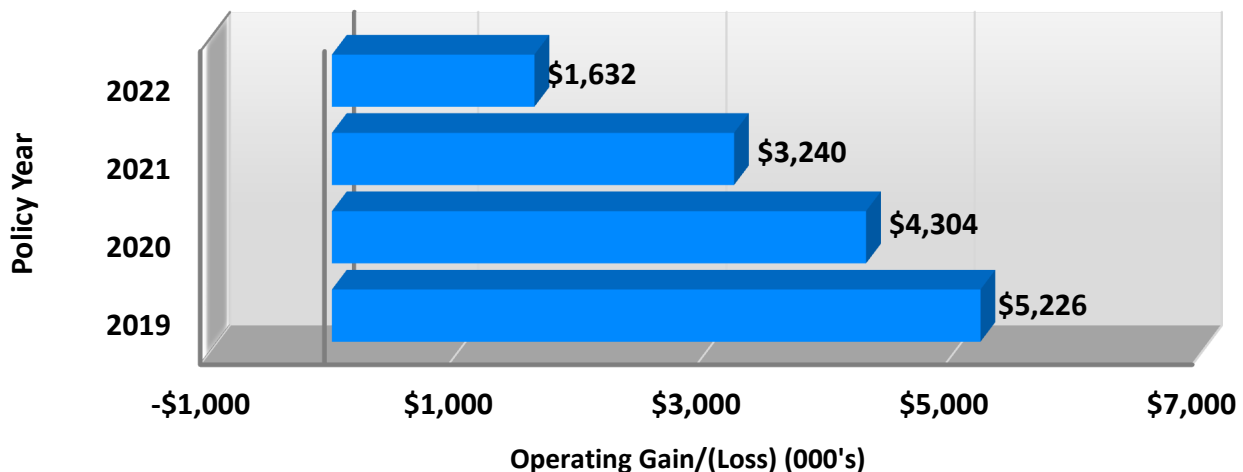
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



### 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 2023 for 2022 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.



\*2nd Quarter 2023 data will be available the end of October 2023 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 2019-2023, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 1st Quarter 2023.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2019	21,422,181	272,227	1.3%
2020	21,057,371	337,290	1.6%
2021	22,685,568	717,533	3.2%
2022	18,833,040	--	--
2023	2,787,680	--	--

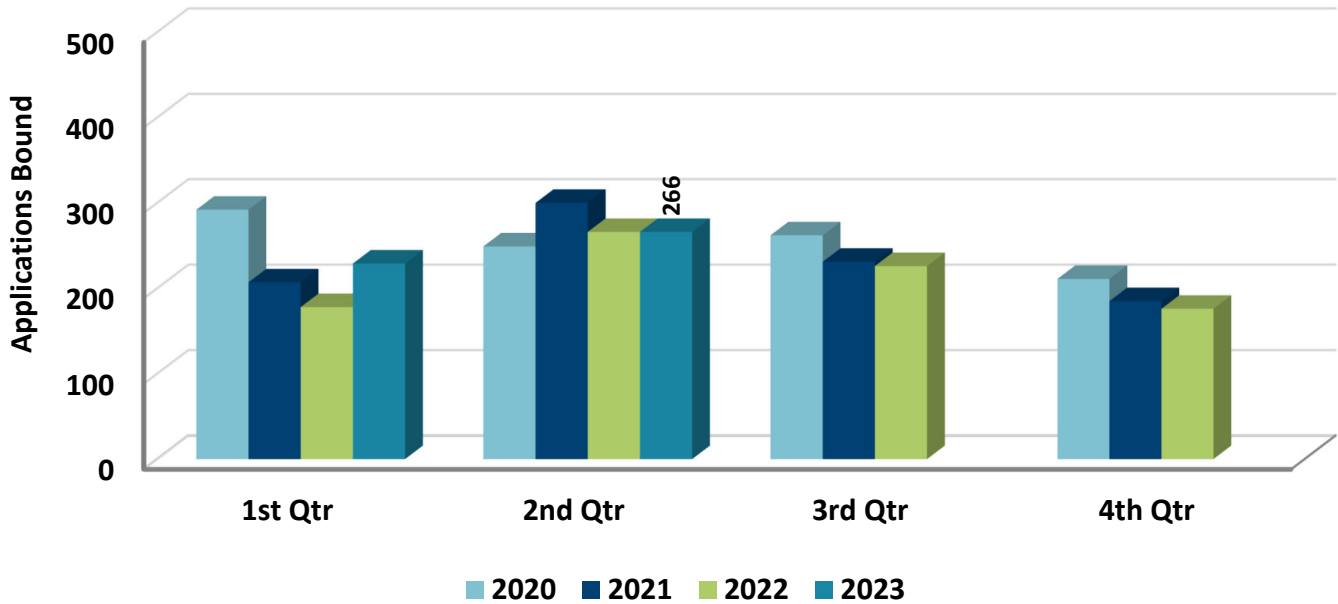
\* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed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



## Residual Market Demographics

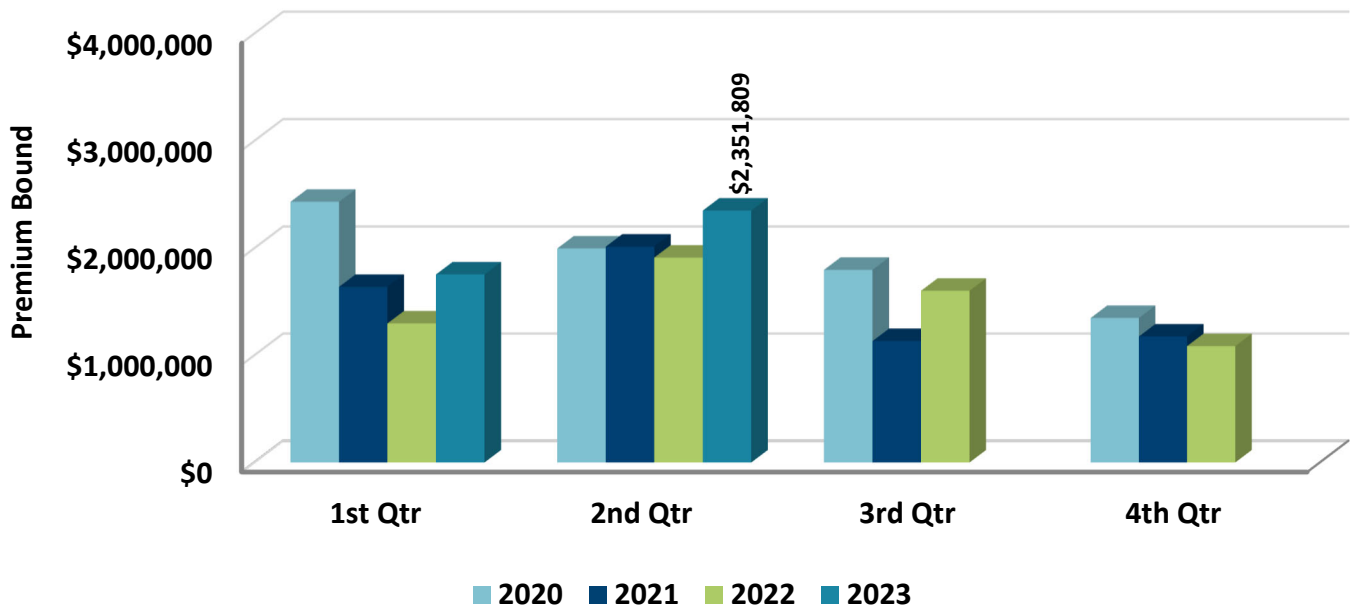
### Total Applications Bound — 2020 vs. 2021 vs. 2022 vs. 2023

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



### Total Application Premium Bound — 2020 vs. 2021 vs. 2022 vs. 2023

The total estimated premium on bound applications—both new and reassignment—that are assigned to a Servicing Carrier or a Direct Assignment Carrier (if applicable).



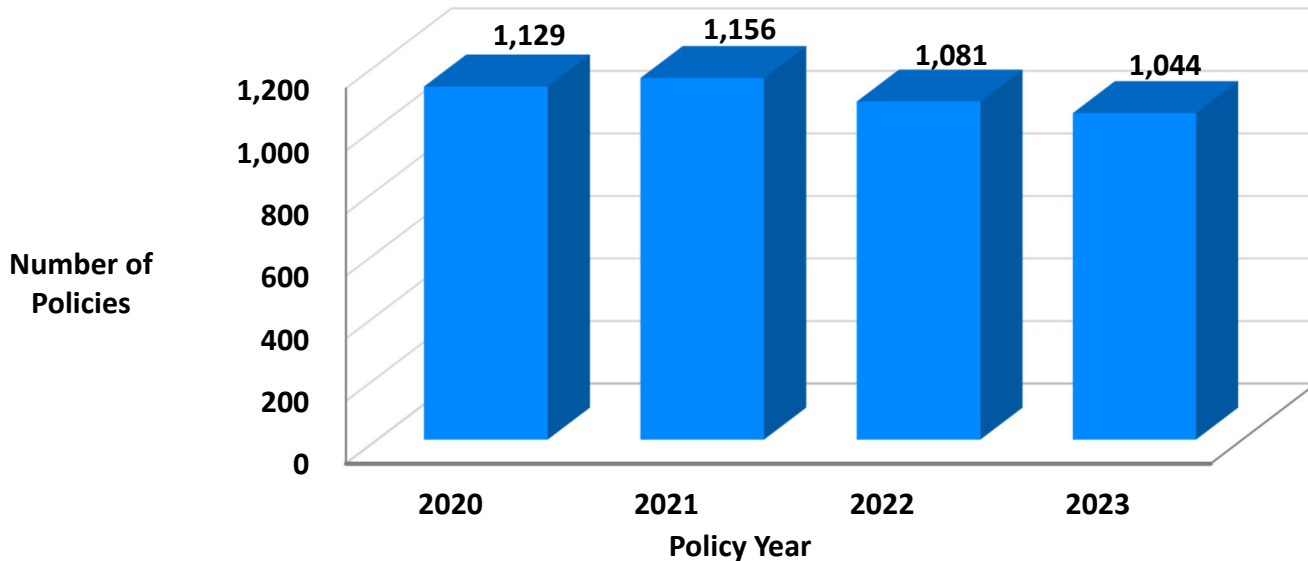


## Residual Market Demographics

### Residual Market Total Policy Counts

#### Second Quarter Data for Policies Reported through June 30, 2023

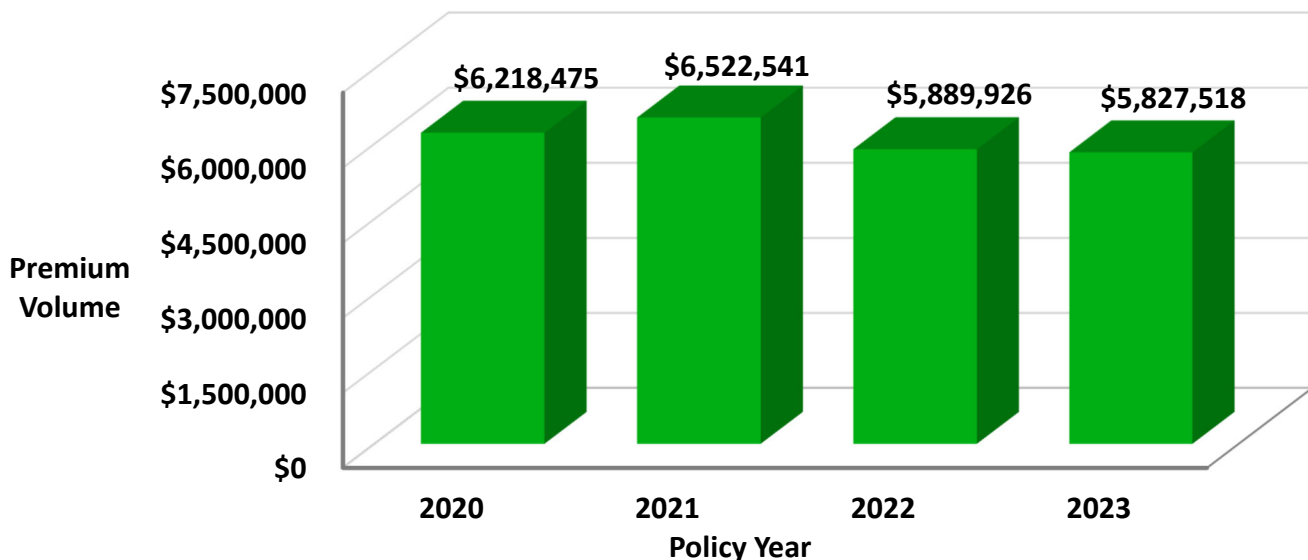
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Second Quarter Data Reported through June 30, 2023

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, 2023

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	574	55.0	599,180	10.3	1,044
\$2500- \$4999	197	18.9	713,927	12.3	3,624
\$5000- \$9999	146	14.0	1,010,477	17.3	6,921
\$10000- \$19999	76	7.3	1,060,769	18.2	13,957
\$20000- \$49999	37	3.5	1,046,643	18.0	28,288
\$50000- \$99999	8	0.8	509,057	8.7	63,632
\$100000- \$199999	5	0.5	669,988	11.5	133,998
\$2000000+	1	0.1	217,477	3.7	217,477
Total	1,044	100.0	5,827,518	100.0	5,582

### Second Quarter 2022 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	627	58.0	641,946	10.9	1,024
\$2500- \$4999	183	16.9	663,829	11.3	3,627
\$5000- \$9999	138	12.8	946,893	16.1	6,862
\$10000- \$19999	72	6.7	994,377	16.9	13,811
\$20000- \$49999	47	4.3	1,344,205	22.8	28,600
\$50000- \$99999	9	0.8	637,968	10.8	70,885
\$100000- \$199999	5	0.5	660,708	11.2	132,142
\$2000000+	0	0.0	0	0.0	0
Total	1,081	100.0	5,889,926	100.0	5,449



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count Second Quarter Data Reported through June 30, 2023

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	5551 - Roofing-All Kinds & Drivers	77	7.4
2	0037 - Farm: Field Crops & Drivers	69	6.6
3	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	58	5.6
4	7219 - Trucking - NOC-All Employees & Drivers	56	5.4
5	7711 - Firefighters & Drivers - Volunteer	55	5.3
6	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	43	4.1
7	0083 - Farm: Cattle or Livestock Raising NOC & Drivers	30	2.9
8	5221 - Concrete or Cement Work- Floors, Driveways, Yards or Sidewalks-& Drivers	23	2.2
9	8720 - Inspection of Risks For Insurance or Valuation Purposes NOC	20	1.9
10	9063 - YMCA, YWCA, YMHA or YWHA, Institution-All Employees & Clerical	20	1.9

### Residual Market Top 10 Classification Codes by Premium Volume Second Quarter Data Reported through June 30, 2023

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	5551 - Roofing-All Kinds & Drivers	660,127	11.3
2	0037 - Farm: Field Crops & Drivers	416,535	7.1
3	7219 - Trucking - NOC-All Employees & Drivers	306,427	5.3
4	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	280,287	4.8
5	0034 - Farm: Poultry or Egg Producer & Drivers	240,982	4.1
6	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	232,609	4.0
7	7711 - Firefighters & Drivers - Volunteer	230,620	4.0
8	8835 - Home, Public, And Traveling Healthcare - All Employees	192,476	3.3
9	9063 - YMCA, YWCA, YMHA or YWHA, Institution-All Employees & Clerical	172,049	3.0
10	0083 - Farm: Cattle or Livestock Raising NOC & Drivers	149,641	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.