



Iowa Residual Market State Activity Report

Annual 2020



Executive Summary

NCCI, as Pool and Plan Administrator of the Iowa Workers Compensation Insurance Plan, is pleased to provide the Annual 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 December 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	3,497	3,542	-45	-1.3%
Premium Volume	\$24,126,586	\$24,256,837	-\$130,251	-0.5%

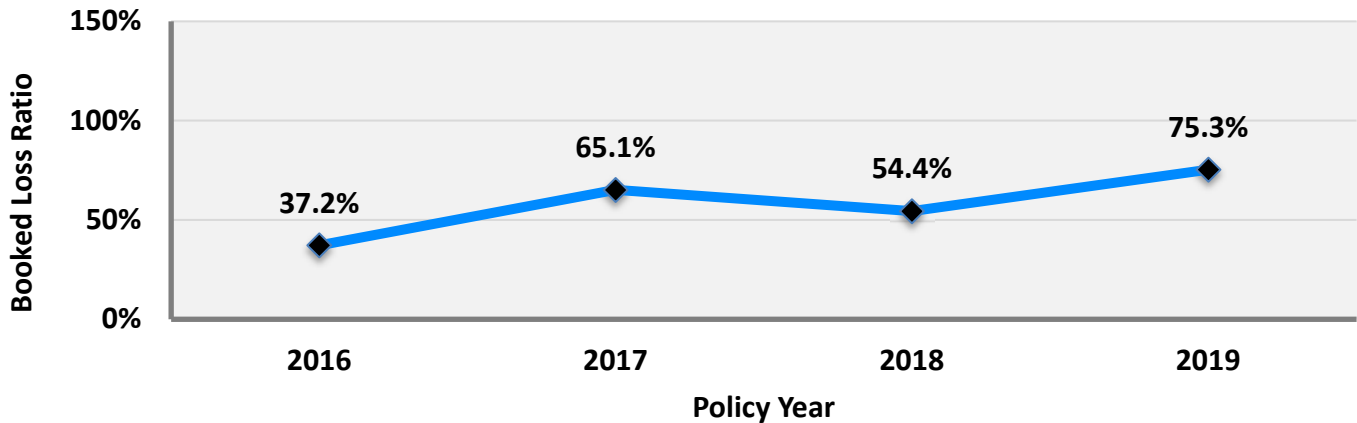


Residual Market Demographics

Iowa Residual Market Reinsurance Pool Booked Loss Ratio

Policy Year Financial Results through 3rd Quarter 2020 for 2019 and prior years*

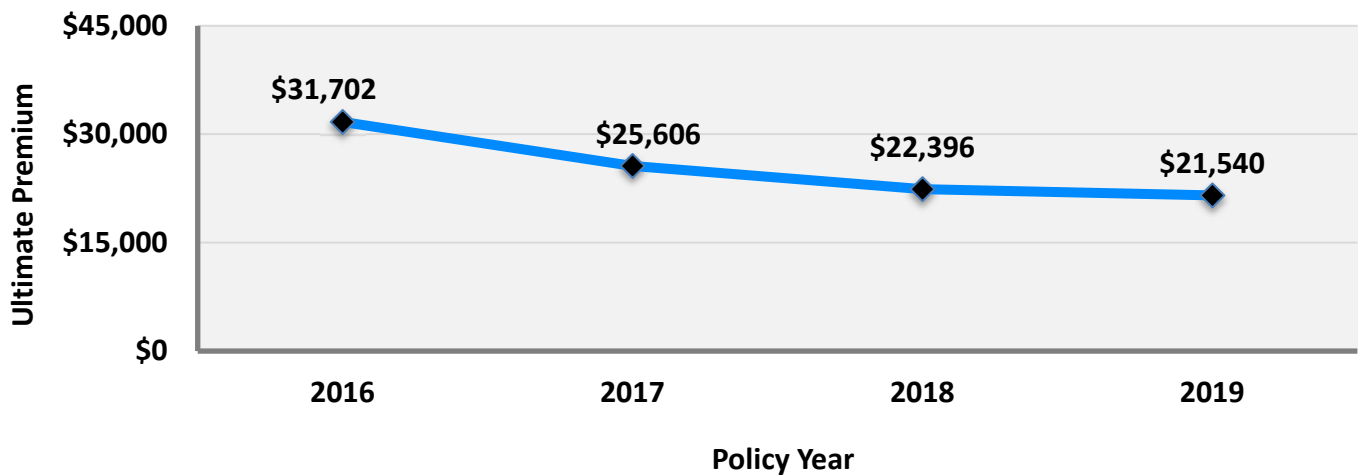
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 3rd Quarter 2020 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.



*4th Quarter 2020 data will be available the end of April 2021 due to the timing of data reporting

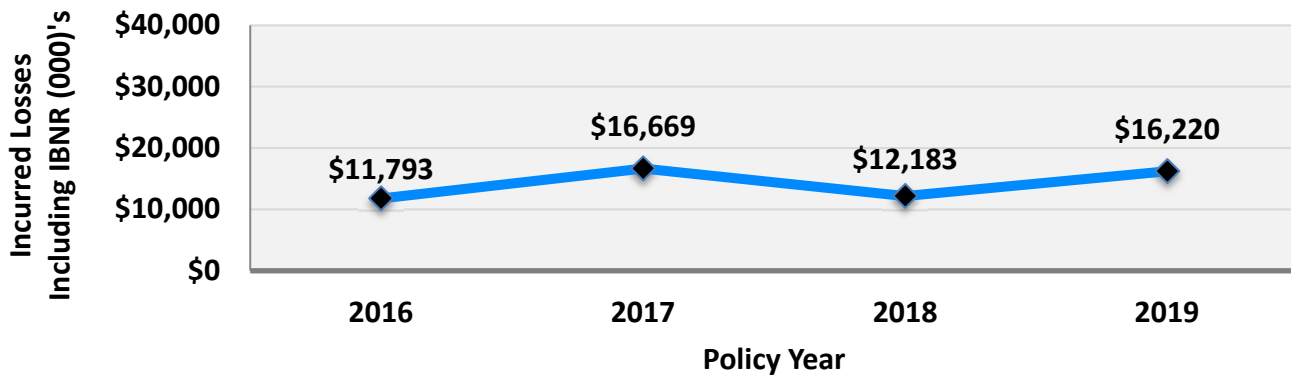


Residual Market Demographics

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

Policy Year Financial Results through 3rd Quarter 2020 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 3rd Quarter 2020 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.



*4th Quarter 2020 data will be available the end of April 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 3rd Quarter 2020.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2016	32,887,137	1,185,196	3.6%
2017	26,292,235	686,543	2.6%
2018	22,835,013	467,818	2.0%
2019	21,772,556	*	N/A
2020	14,071,786	*	N/A

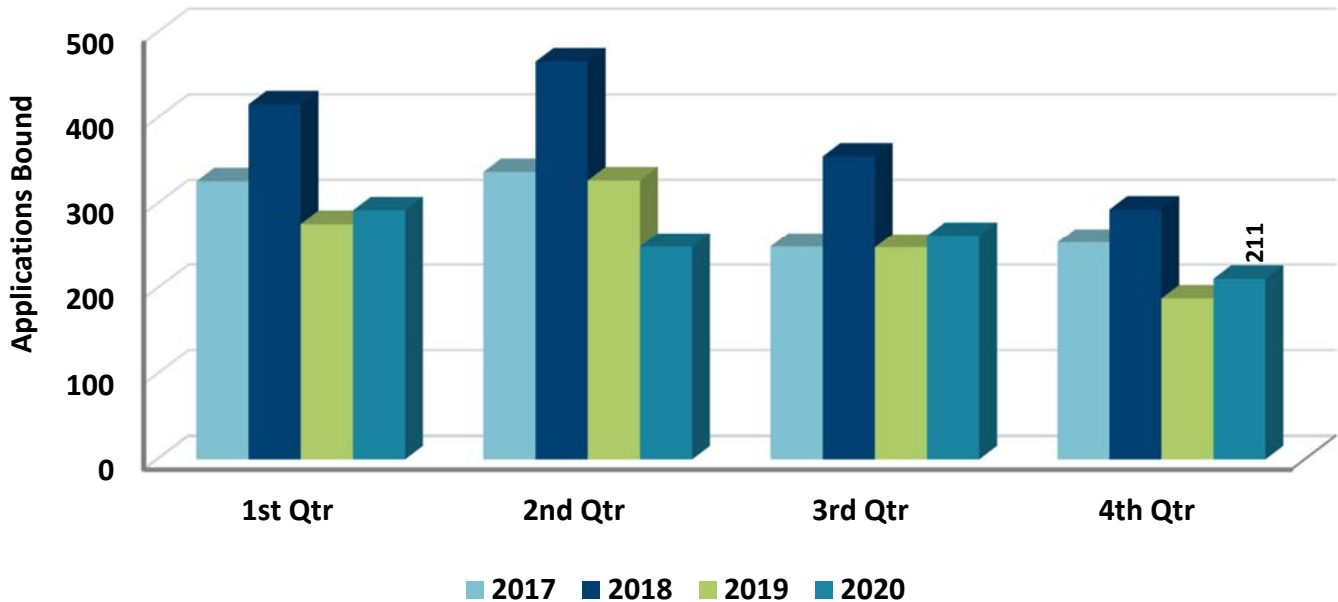
* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed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



Residual Market Demographics

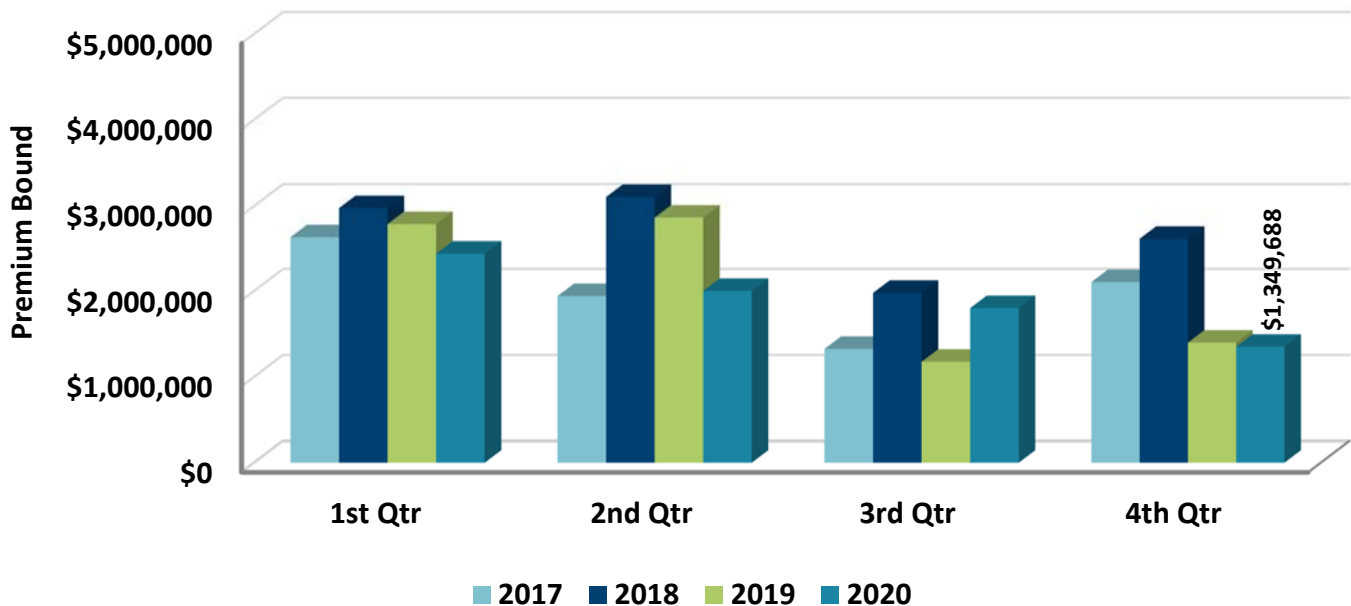
Total Applications Bound — 2017 vs. 2018 vs. 2019 vs. 2020

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).



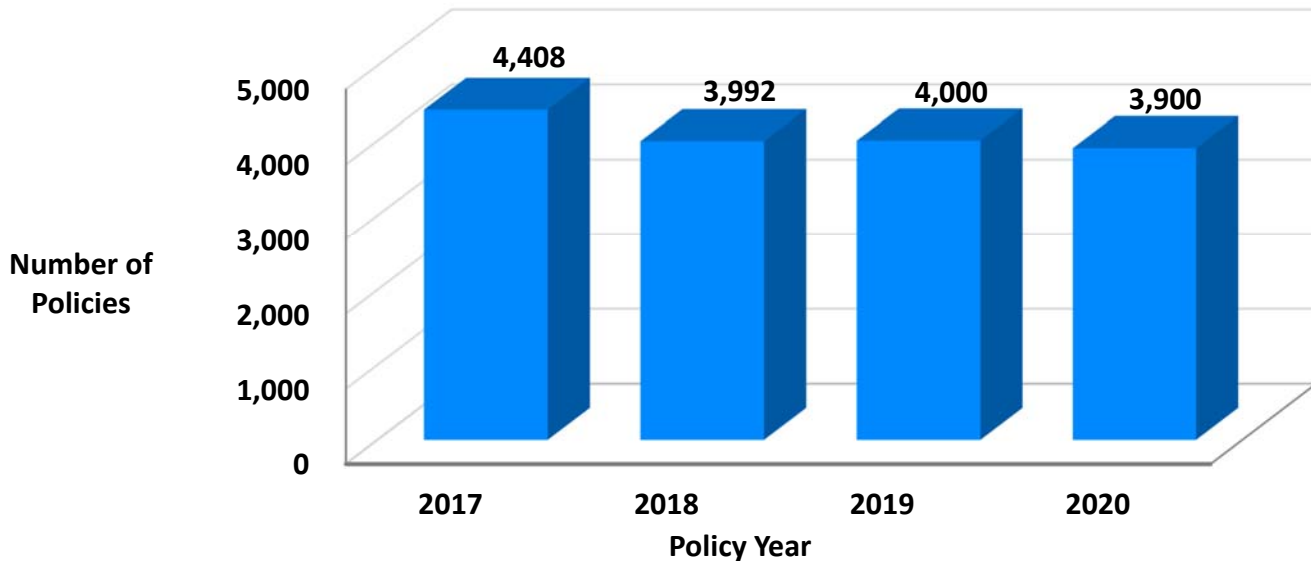


Residual Market Demographics

Residual Market Total Policy Counts

Annual Data for Policies Reported through December 31, 2020

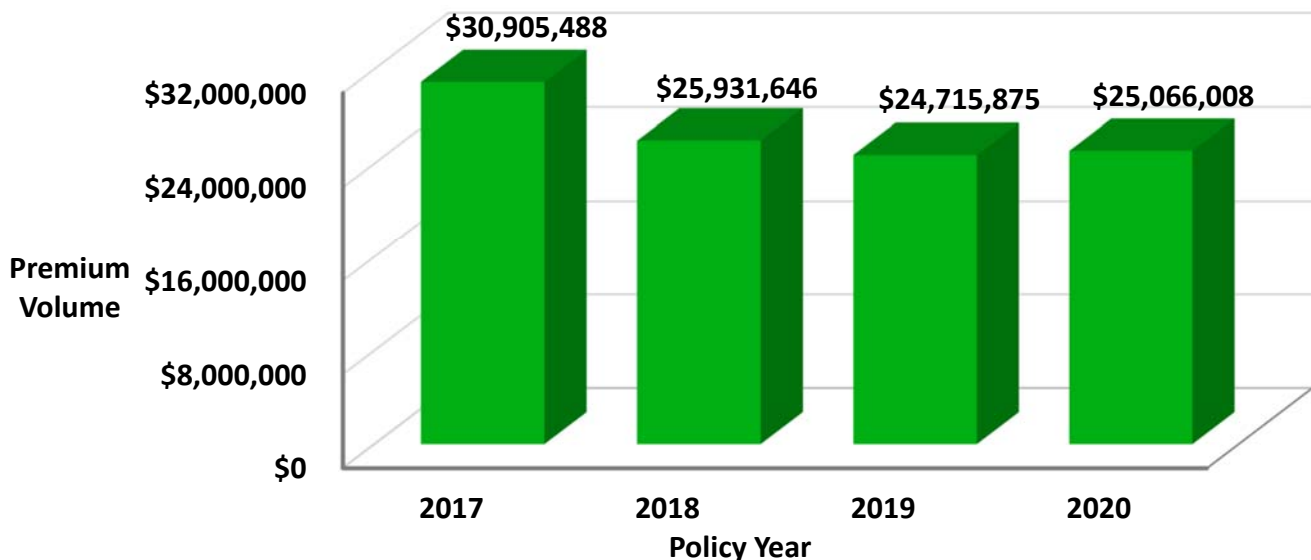
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Annual Data Reported through December 31, 2020

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, 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	2,184	56.0	2,307,354	9.2	1,056
\$2500–4999	712	18.3	2,536,696	10.1	3,563
\$5000–9999	498	12.8	3,455,172	13.8	6,938
\$10000–19999	272	7.0	3,758,721	15.0	13,819
\$20000–49999	154	3.9	4,745,409	18.9	30,814
\$50000–99999	56	1.4	3,757,172	15.0	67,092
\$100000–199999	16	0.4	2,086,271	8.3	130,392
\$200000 +	8	0.2	2,419,213	9.7	302,402
Total	3,900	100.0	25,066,008	100.0	6,427

Annual 2019 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0–2499	2,314	57.9	2,327,178	9.4	1,006
\$2500–4999	729	18.2	2,600,875	10.5	3,568
\$5000–9999	465	11.6	3,239,604	13.1	6,967
\$10000–19999	257	6.4	3,541,498	14.3	13,780
\$20000–49999	159	4.0	4,880,388	19.7	30,694
\$50000–99999	52	1.3	3,564,635	14.4	68,551
\$100000–199999	16	0.4	2,078,675	8.4	129,917
\$200000 +	8	0.2	2,483,022	10.0	310,378
Total	4,000	100.0	24,715,875	100.0	6,179



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Annual Data Reported through December 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 and Description	Policy Count	% of Policies
1	0037 - Farm: Field Crops & Drivers	294	7.5
2	7219 - Trucking - NOC-All Employees & Drivers	281	7.2
3	7711 - Firefighters & Drivers - Volunteer	184	4.7
4	5551 - Roofing-All Kinds & Drivers	174	4.5
5	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	169	4.3
6	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	136	3.5
7	0083 - Farm: Cattle or Livestock Raising NOC & Drivers	99	2.5
8	8810 - Clerical Office Employees NOC	69	1.8
9	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	68	1.7
10	9063 - YMCA, YWCA, YMHA or YWHA, Institution-All Employees & Clerical	65	1.7

Residual Market Top 10 Classification Codes by Premium Volume Annual Data Reported through December 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 and Description	Premium \$	% of Premium
1	7219 - Trucking - NOC-All Employees & Drivers	2,179,807	8.7
2	5551 - Roofing-All Kinds & Drivers	1,175,385	4.7
3	8868 - College - Professional Employees & Clerical	1,164,770	4.6
4	0037 - Farm: Field Crops & Drivers	1,019,032	4.1
5	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	808,452	3.2
6	7711 - Firefighters & Drivers – Volunteer	723,622	2.9
7	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	698,750	2.8
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	671,624	2.7
9	8835 - Home, Public, And Traveling Healthcare - All Employees	659,458	2.6
10	9016 - Amusement Park or Exhibition Operation & Drivers	572,739	2.3



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.