



Kansas Residual Market State Activity Report

First Quarter 2022



Executive Summary

NCCI, as Pool and Plan Administrator of the Kansas Workers Compensation Insurance Plan, is pleased to provide the First Quarter 2022 *Kansas 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 Kansas 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.

Sally Laub, Plan Administration

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Residual Market Demographics

Residual Market Total Policies and Premium in Force

As of March 31, 2022—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.

	2022	2021	2022 vs. 2021 #	2022 vs. 2021 %
Policy Count	4,700	4,960	-260	-5.2%
Premium Volume	\$18,389,919	\$19,312,927	-\$923,008	-4.8%

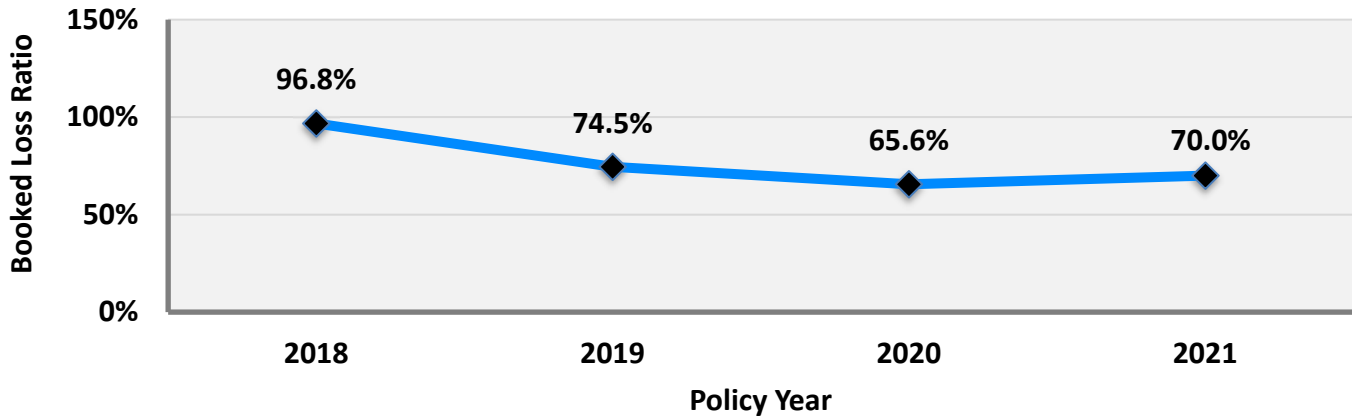


Residual Market Demographics

Kansas Residual Market Reinsurance Pool Booked Loss Ratio

Policy Year Financial Results through 4th Quarter 2021 for 2021 and prior years*

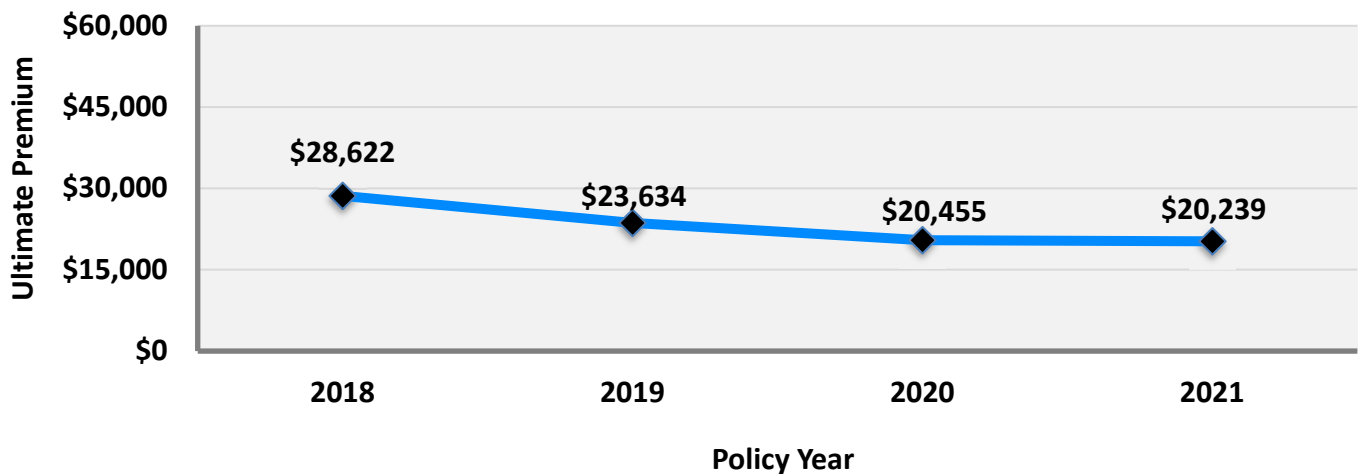
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 4th Quarter 2021 for 2021 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 2022 data will be available the end of July 2022 due to the timing of data reporting

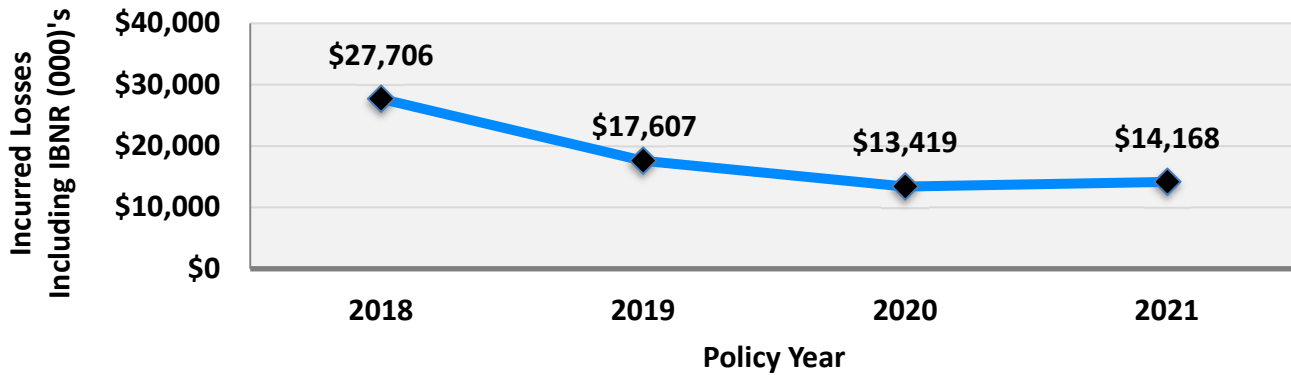


Residual Market Demographics

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

Policy Year Financial Results through 4th Quarter 2021 for 2021 and prior years*

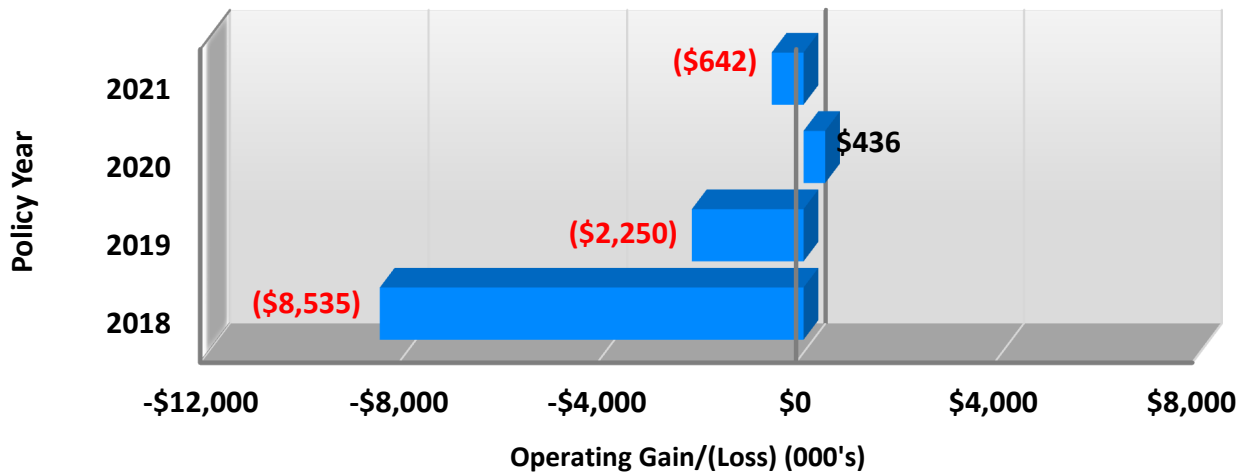
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 4th Quarter 2021 for 2021 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 2022 data will be available the end of July 2022 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 Kansas for Policy Years 2017-2021, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 4th Quarter 2021.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2017	33,882,621	894,197	2.6%
2018	29,670,442	1,048,706	3.5%
2019	24,652,854	1,019,184	4.1%
2020	21,599,474	--	--
2021	17,782,712	--	--

* 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

Voluntary Coverage Assistance Program

First Quarter Data through March 31, 2022

The volume of assigned risk applications redirected to the voluntary market through NCCI's **VCAP[®] Service**. The following shows the results **VCAP[®] Service** has provided during First Quarter 2022.

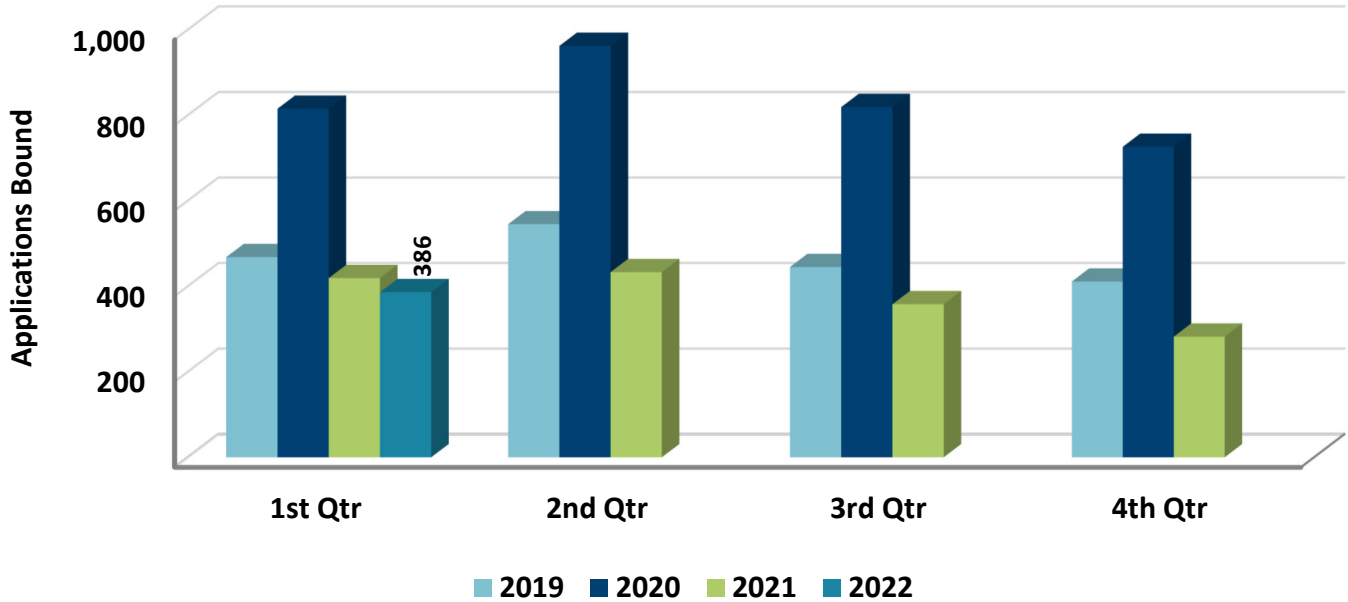
Number of Applications Reviewed by VCAP[®] Service	440
Number of VCAP[®] Service Matches	374
VCAP[®] Service Offers as a % of Matches	13.37%
Number of Confirmed VCAP[®] Service Policies	50
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	11.36%
Savings as a % of Redirected Assigned Risk Premium	4.44%



Residual Market Demographics

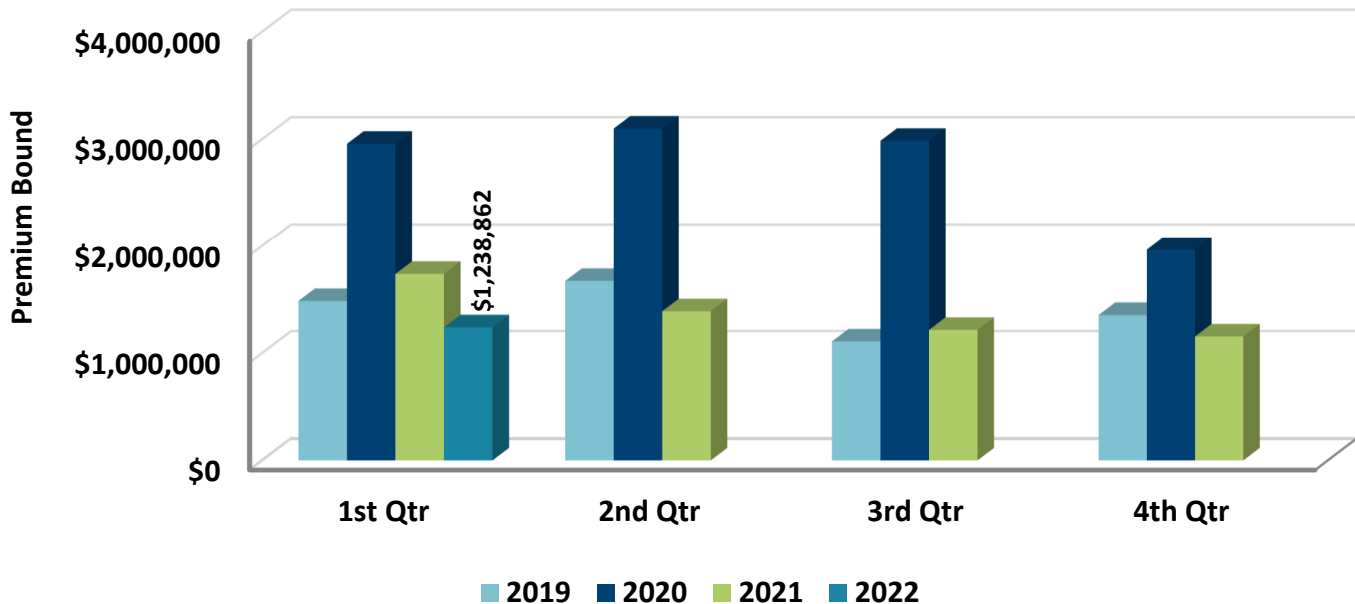
Total Applications Bound — 2019 vs. 2020 vs. 2021 vs. 2022

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 — 2019 vs. 2020 vs. 2021 vs. 2022

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).



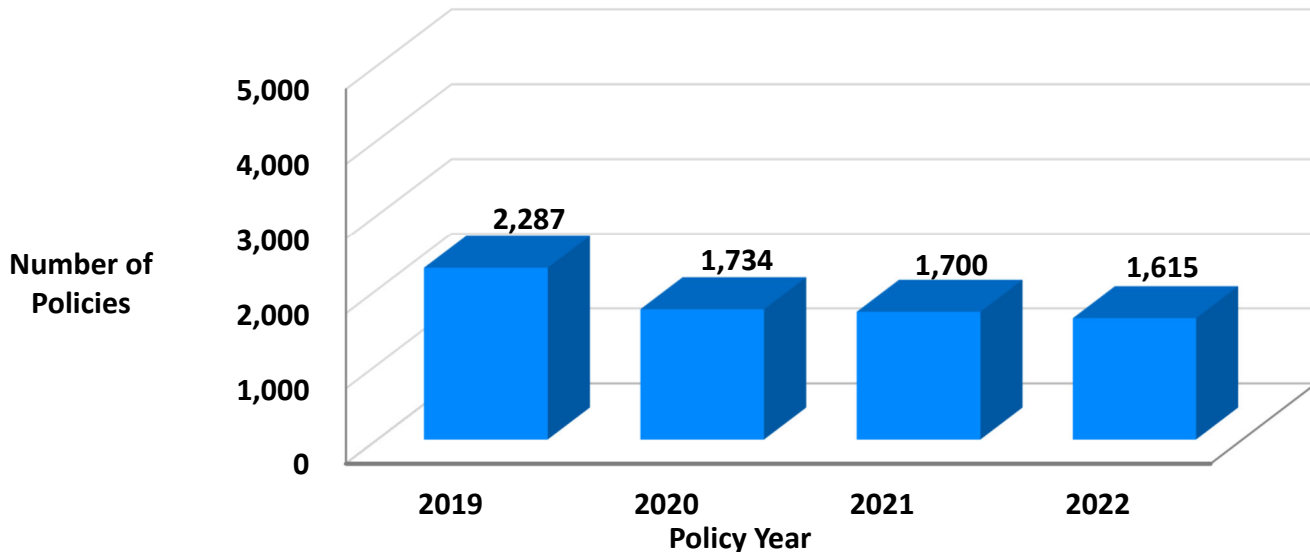


Residual Market Demographics

Residual Market Total Policy Counts

First Quarter Data for Policies Reported through March 31, 2022

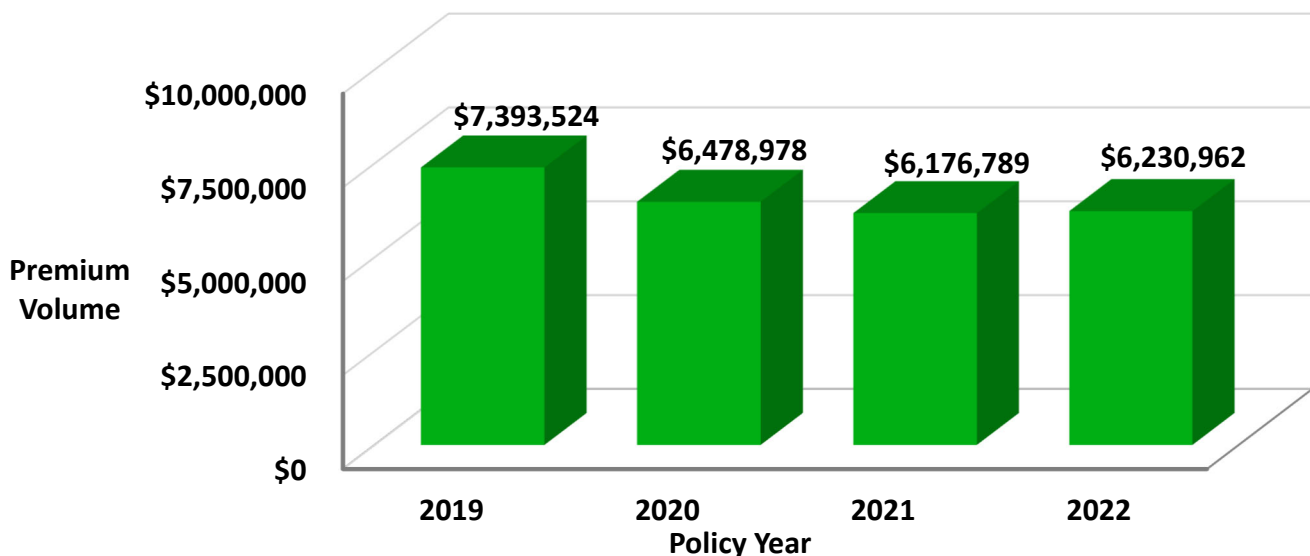
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

First Quarter Data Reported through March 31, 2022

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

First Quarter Data Reported through March 31, 2022

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	1,059	65.6	1,170,598	18.8	1,105
\$2500- \$4999	286	17.7	1,013,023	16.3	3,542
\$5000- \$9999	157	9.7	1,113,662	17.9	7,093
\$10000- \$19999	73	4.5	996,333	16.0	13,648
\$20000- \$49999	27	1.7	818,830	13.1	30,327
\$50000- \$99999	9	0.6	605,059	9.7	67,229
\$100000- \$199999	4	0.2	513,457	8.2	128,364
\$2000000+	0	0.0	0	0.0	0
Total	1,615	100.0	6,230,962	100.0	3,858

First Quarter 2021 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	1,180	69.4	1,148,022	18.6	973
\$2500- \$4999	268	15.8	948,180	15.4	3,538
\$5000- \$9999	143	8.4	993,934	16.1	6,951
\$10000- \$19999	68	4.0	950,885	15.4	13,984
\$20000- \$49999	25	1.5	728,875	11.8	29,155
\$50000- \$99999	11	0.6	730,967	11.8	66,452
\$100000- \$199999	5	0.3	675,926	10.9	135,185
\$2000000+	0	0.0	0	0.0	0
Total	1,700	100.0	6,176,789	100.0	3,633



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count First Quarter Data Reported through March 31, 2022

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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	147	9.1
2	5551 - Roofing-All Kinds & Drivers	131	8.1
3	7219 - Trucking - NOC-All Employees & Drivers	110	6.8
4	8835 - Home, Public, And Traveling Healthcare - All Employees	63	3.9
5	0037 - Farm: Field Crops & Drivers	61	3.8
6	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	56	3.5
7	5474 - Painting NOC & Shop Operations, Drivers	47	2.9
8	7711 - Firefighters & Drivers - Volunteer	45	2.8
9	6216 - Oil or Gas - Lease Work NOC - By Specialist Contractor & Drivers	37	2.3
10	1320 - Oil or Gas Lease Operator-All Operations & Drivers	35	2.2

Residual Market Top 10 Classification Codes by Premium Volume First Quarter Data Reported through March 31, 2022

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	669,085	10.7
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	489,679	7.9
3	5551 - Roofing-All Kinds & Drivers	415,268	6.7
4	0037 - Farm: Field Crops & Drivers	357,692	5.7
5	8288 - Livestock Dealer or Commission Merchant & Salespersons, Drivers	238,504	3.8
6	8018 - Store: Wholesale NOC	207,504	3.3
7	0083 - Farm: Cattle or Livestock Raising NOC & Drivers	200,146	3.2
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	171,368	2.8
9	7705 - Ambulance Service Companies and Ems (Emergency Medical Service) Providers & Drivers	160,237	2.6
10	8232 - Lumberyard New Materials Only - All Other Employees & Yard, Warehouse, Drivers	138,240	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.

VCAP[®] Service—Voluntary Coverage Assistance Program is a supplemental program to NCCI’s Workers Compensation Insurance Plan. As part of NCCI’s strategic vision of maintaining and depopulating the residual market, NCCI’s **VCAP[®] Service** redirects coverage opportunities for employers to voluntary market insurers, which generally provide coverage at a lower cost. **VCAP[®] Service** provides an additional source for producers and employers to secure voluntary workers compensation coverage prior to entering the residual market for coverage.