



# Kansas Residual Market State Activity Report

Third Quarter 2023



## Executive Summary

NCCI, as Pool and Plan Administrator of the Kansas Workers Compensation Insurance Plan, is pleased to provide the Third Quarter 2023 *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:

## Table of Contents

Residual Market Demographics	
Residual Market Total Policies and Premium in Force .....	1
Kansas Residual Market Reinsurance Pool Booked Loss Ratio .....	2
Kansas Residual Market Reinsurance Pool Ultimate Net Written Premium .....	2
Kansas Residual Market Reinsurance Pool Net Operating Results.....	3
Collections/Indemnification.....	4
Voluntary Coverage Assistance Program.....	5
Total Applications Bound .....	6
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.

Sally Laub, Plan Administration

561-893-1174

© Copyright 2023 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 September 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>	4,150	4,644	-494	-10.6%
<b>Premium Volume</b>	\$17,789,987	\$19,335,916	-\$1,545,929	-8.0%

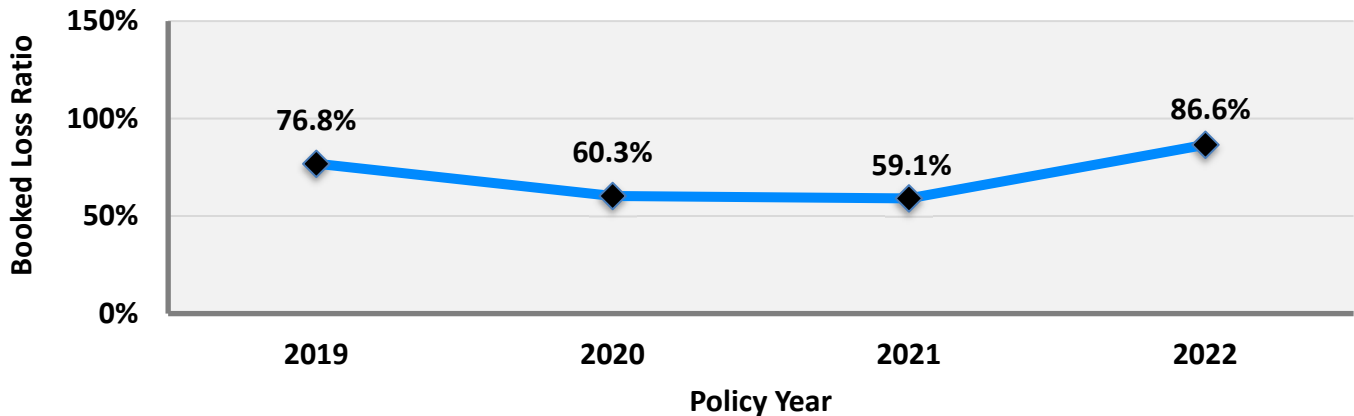


## Residual Market Demographics

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

#### Policy Year Financial Results through 2nd Quarter 2023 for 2022 and prior years\*

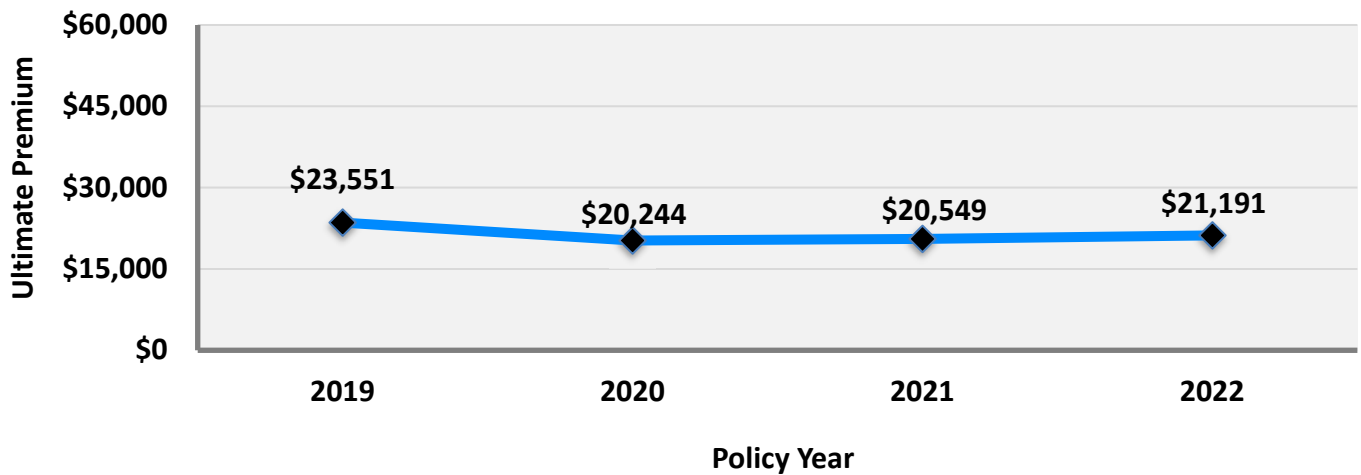
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 2nd 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.



\*3rd Quarter 2023 data will be available the end of January 2024 due to the timing of data reporting

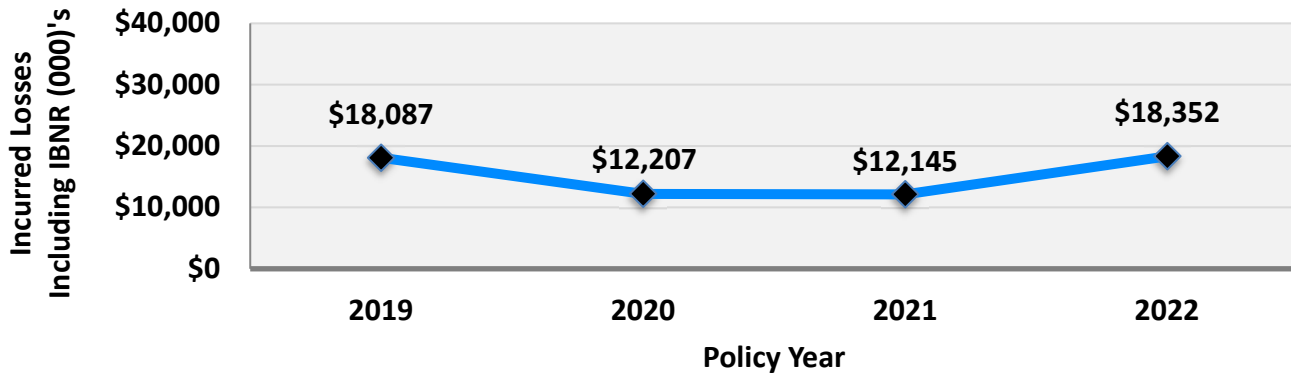


## Residual Market Demographics

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

#### Policy Year Financial Results through 2nd Quarter 2023 for 2022 and prior years\*

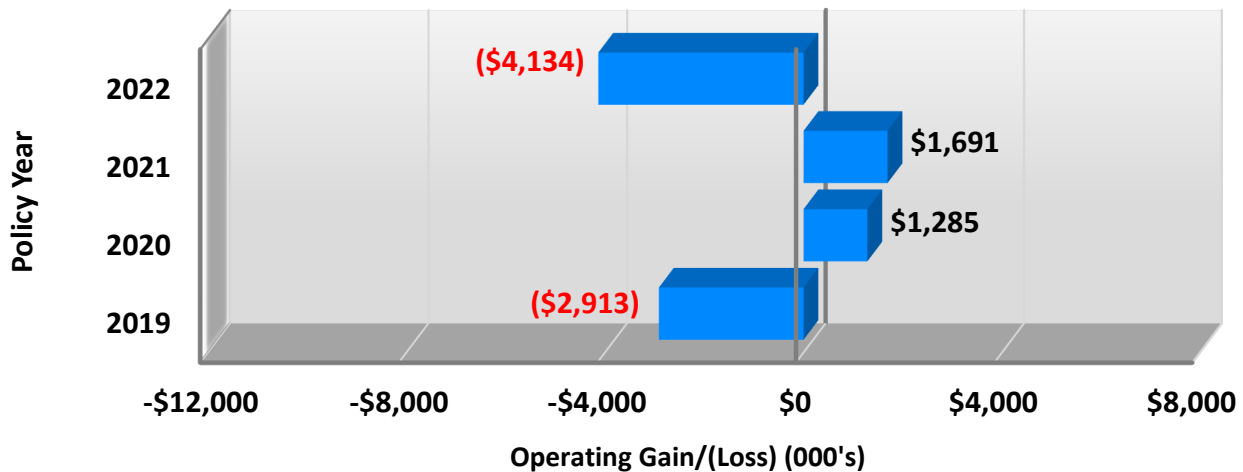
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

#### Policy Year Financial Results through 2nd 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.



\*3rd Quarter 2023 data will be available the end of January 2024 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 2019-2023, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 2nd Quarter 2023.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2019	24,516,058	965,048	3.9%
2020	21,152,622	908,956	4.3%
2021	21,573,000	984,695	4.6%
2022	21,819,391	--	--
2023	8,132,554	--	--

\* 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

#### Third Quarter Data through September 30, 2023

The volume of assigned risk applications redirected to the voluntary market through NCCI's **VCAP<sup>®</sup> Service**. The following shows the results **VCAP<sup>®</sup> Service** has provided during Third Quarter 2023.

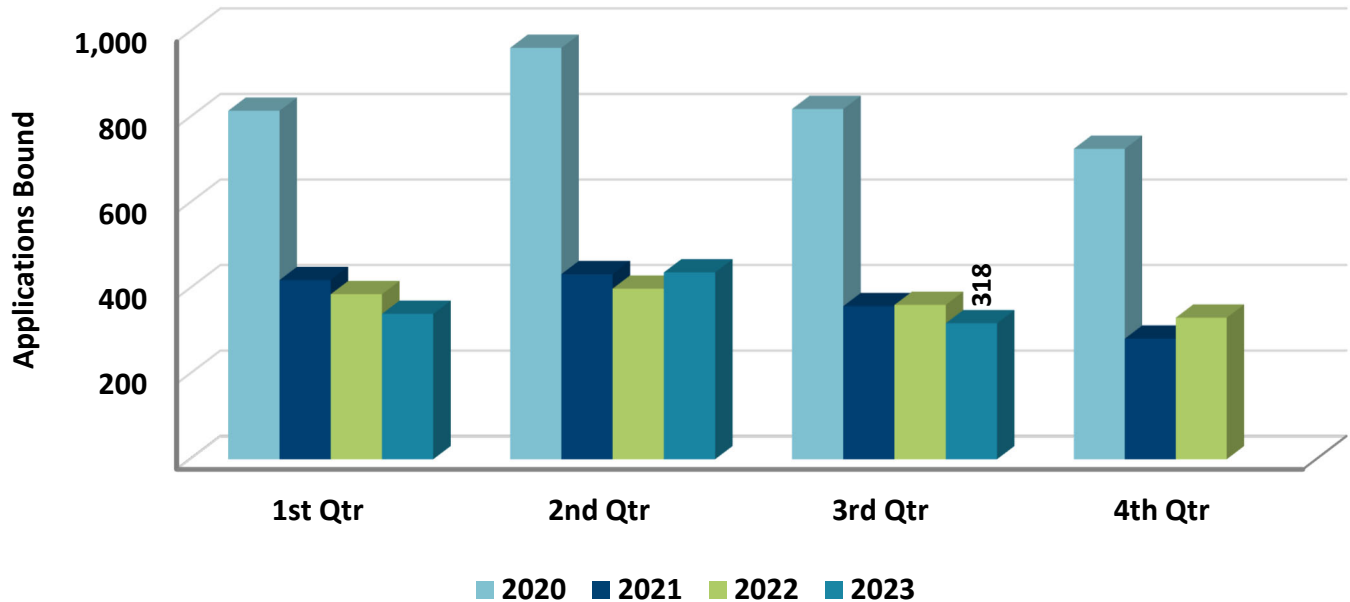
Number of Applications Reviewed by <b>VCAP<sup>®</sup> Service</b>	373
Number of <b>VCAP<sup>®</sup> Service</b> Matches	323
<b>VCAP<sup>®</sup> Service</b> Offers as a % of Matches	17.65%
Number of Confirmed <b>VCAP<sup>®</sup> Service</b> Policies	56
Confirmed <b>VCAP<sup>®</sup> Service</b> Policies as a % of Applications Reviewed	15.01%
Savings as a % of Redirected Assigned Risk Premium	8.80%



## Residual Market Demographics

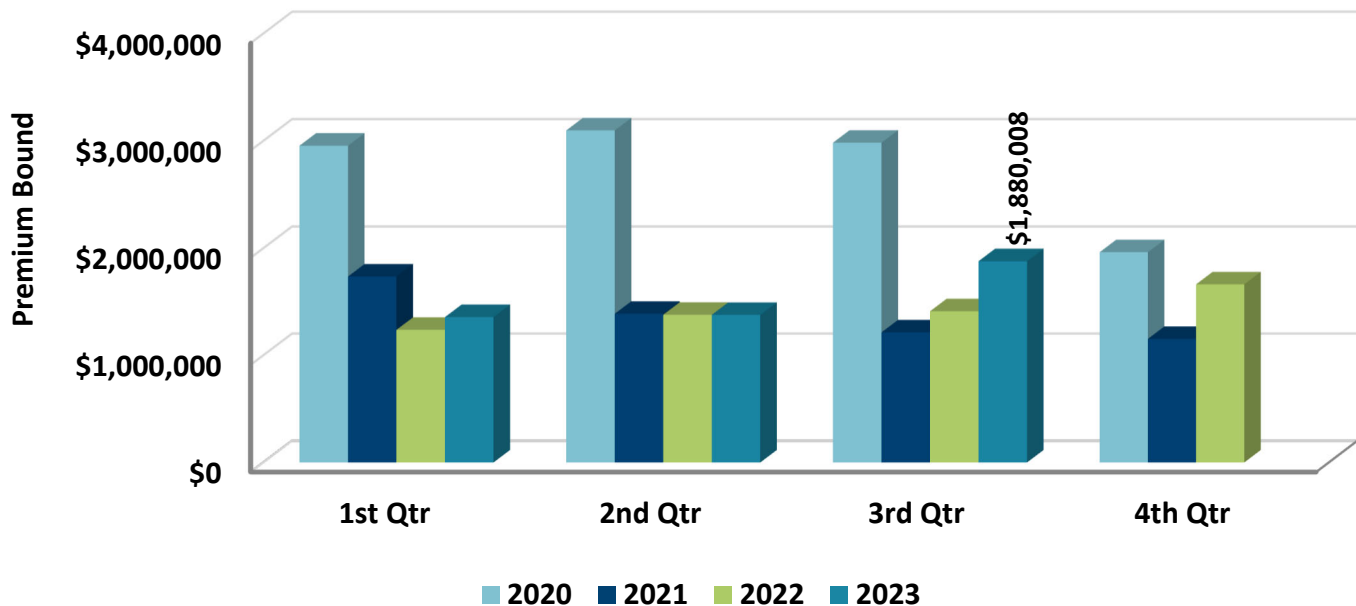
### Total Applications Bound — 2020 vs. 2021 vs. 2022 vs. 2023

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).





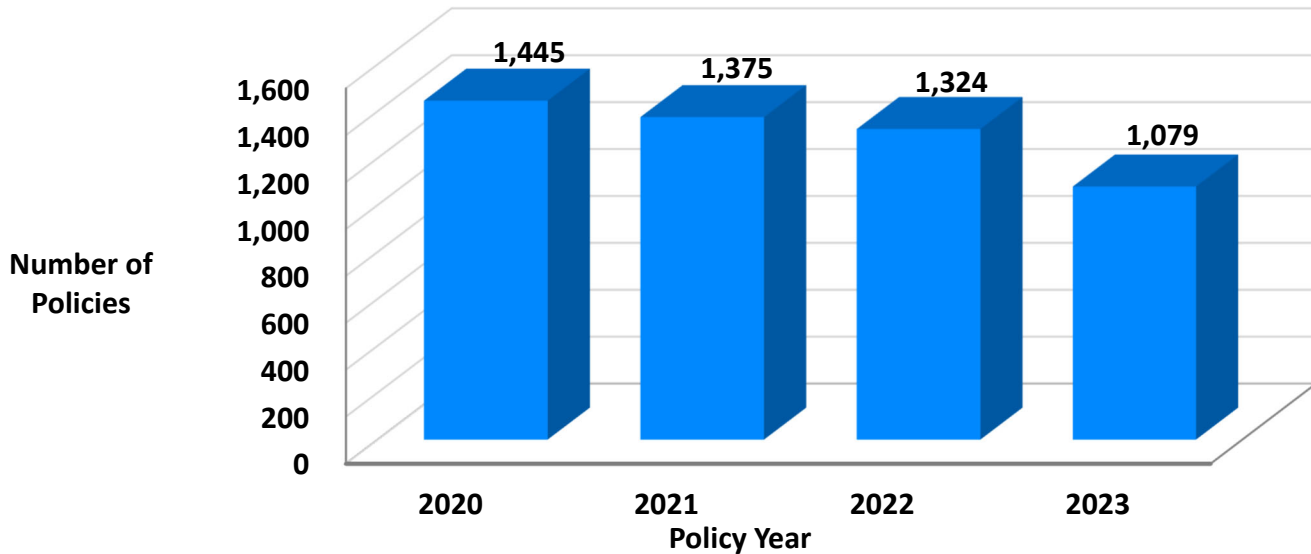


## Residual Market Demographics

### Residual Market Total Policy Counts

#### Third Quarter Data for Policies Reported through September 30, 2023

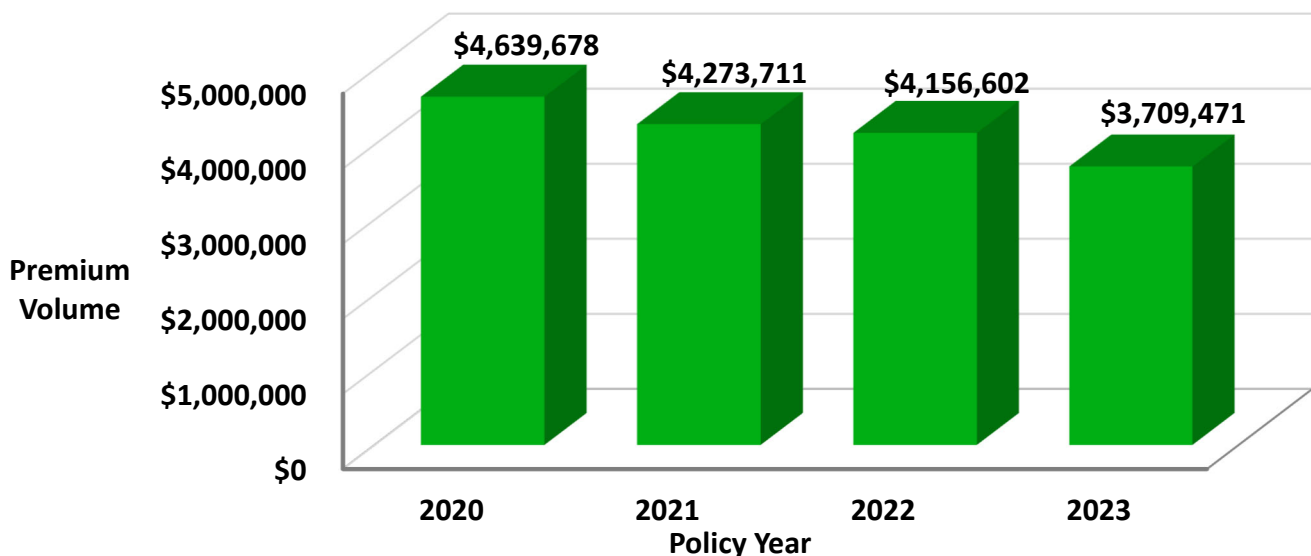
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Third Quarter Data Reported through September 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

#### Third Quarter Data Reported through September 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	734	68.0	764,967	20.6	1,042
\$2500- \$4999	186	17.2	653,917	17.6	3,516
\$5000- \$9999	92	8.5	619,793	16.7	6,737
\$10000- \$19999	45	4.2	606,006	16.3	13,467
\$20000- \$49999	17	1.6	562,812	15.2	33,107
\$50000- \$99999	2	0.2	106,037	2.9	53,019
\$100000- \$199999	3	0.3	395,939	10.7	131,980
\$2000000+	0	0.0	0	0.0	0
Total	1,079	100.0	3,709,471	100.0	3,438

### Third Quarter 2022 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	955	72.1	899,666	21.6	942
\$2500- \$4999	203	15.3	698,880	16.8	3,443
\$5000- \$9999	91	6.9	614,253	14.8	6,750
\$10000- \$19999	48	3.6	651,600	15.7	13,575
\$20000- \$49999	17	1.3	475,629	11.4	27,978
\$50000- \$99999	8	0.6	562,277	13.5	70,285
\$100000- \$199999	2	0.2	254,297	6.1	127,149
\$2000000+	0	0.0	0	0.0	0
Total	1,324	100.0	4,156,602	100.0	3,139



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count Third Quarter Data Reported through September 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	105	9.7
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	91	8.4
3	7219 - Trucking - NOC-All Employees & Drivers	64	5.9
4	6216 - Oil or Gas - Lease Work Noc - by Specialist Contractor & Drivers	39	3.6
5	5474 - Painting NOC & Shop Operations, Drivers	37	3.4
6	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	35	3.2
7	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	31	2.9
8	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	26	2.4
9	0037 - Farm: Field Crops & Drivers	25	2.3
10	5606 - Contractor - Project Manager, Construction Executive, Construction Manager, or Construction Superintendent	24	2.2

### Residual Market Top 10 Classification Codes by Premium Volume Third Quarter Data Reported through September 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	382,433	10.3
2	7219 - Trucking - NOC-All Employees & Drivers	307,249	8.3
3	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	272,667	7.4
4	8288 - Livestock Dealer or Commission Merchant & Salespersons, Drivers	185,003	5.0
5	7222 - Trucking - Oil Field Equipment - All Employees & Drivers	126,005	3.4
6	6216 - Oil or Gas - Lease Work NOC - by Specialist Contractor & Drivers	123,443	3.3
7	0036 - Farm: Dairy & Drivers	114,994	3.1
8	0083 - Farm: Cattle or Livestock Raising NOC & Drivers	110,676	3.0
9	0037 - Farm: Field Crops & Drivers	104,243	2.8
10	9014 - Janitorial Services By Contractors-No Window Cleaning Above Ground Level & Drivers	85,306	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.

**VCAP<sup>®</sup> 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<sup>®</sup> Service** redirects coverage opportunities for employers to voluntary market insurers, which generally provide coverage at a lower cost. **VCAP<sup>®</sup> Service** provides an additional source for producers and employers to secure voluntary workers compensation coverage prior to entering the residual market for coverage.