



# Kansas Residual Market State Activity Report

Annual 2022



## Executive Summary

NCCI, as Pool and Plan Administrator of the Kansas Workers Compensation Insurance Plan, is pleased to provide the Annual 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 December 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 %
<b>Policy Count</b>	4,570	4,751	-181	-3.8%
<b>Premium Volume</b>	\$19,067,747	\$18,972,547	\$95,200	0.5%

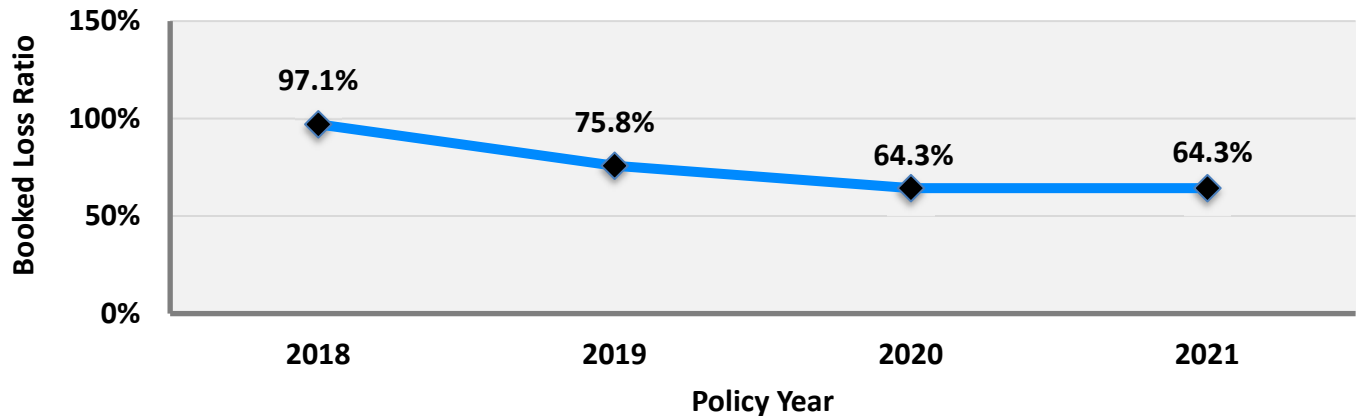


## Residual Market Demographics

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

#### Policy Year Financial Results through 3rd Quarter 2022 for 2021 and prior years\*

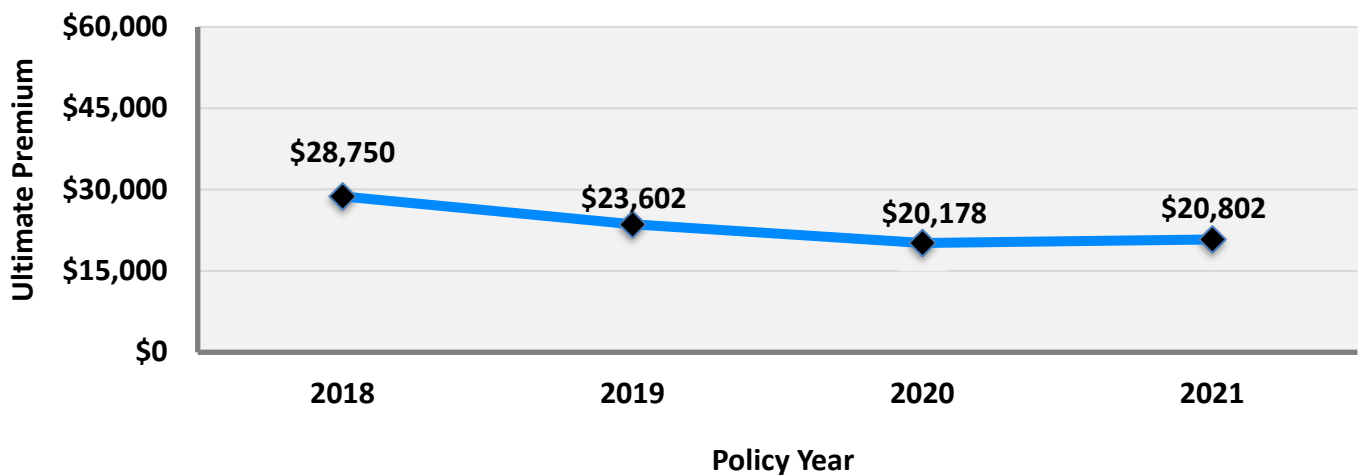
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 3rd Quarter 2022 for 2021 and prior years\*

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



\*4th Quarter 2022 data will be available the end of April 2023 due to the timing of data reporting

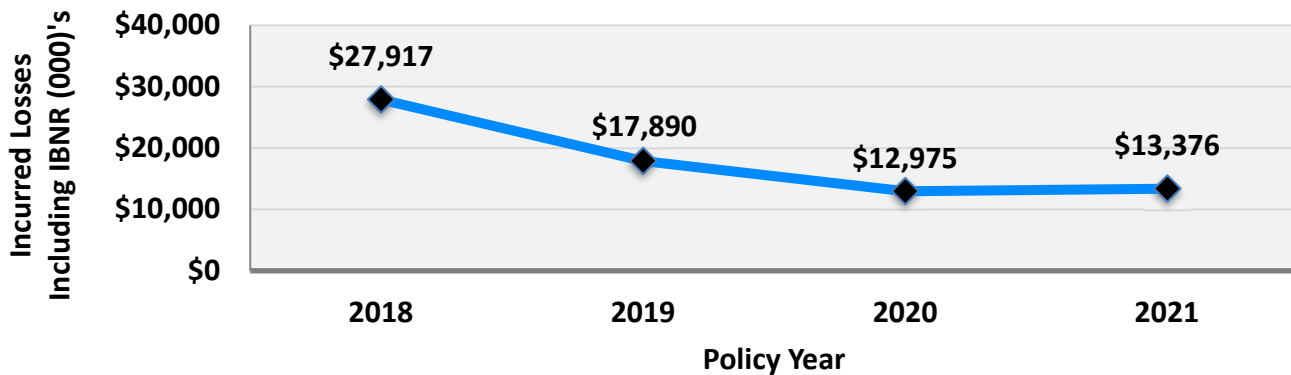


## Residual Market Demographics

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

#### Policy Year Financial Results through 3rd Quarter 2022 for 2021 and prior years\*

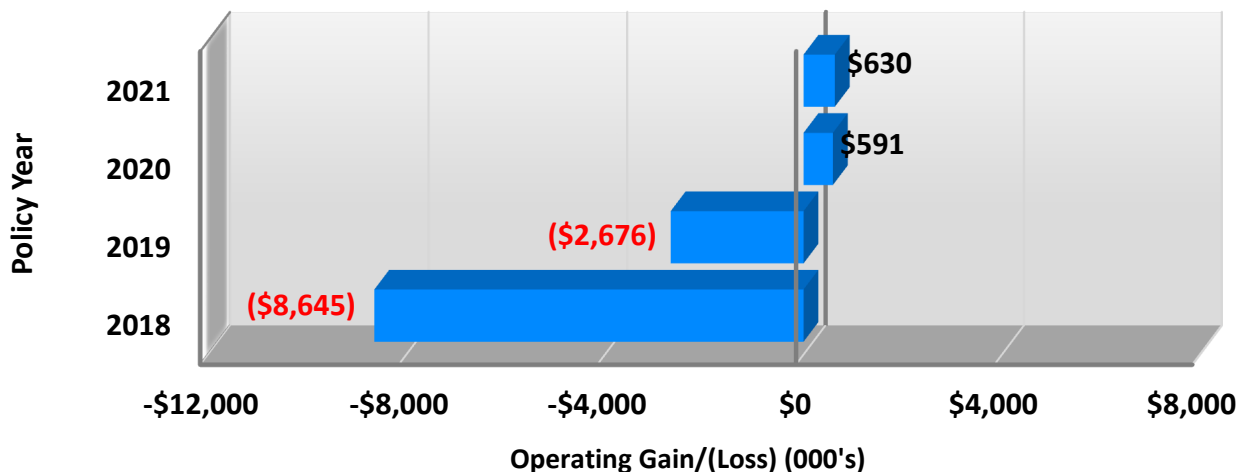
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

#### Policy Year Financial Results through 3rd Quarter 2022 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.



\*4th Quarter 2022 data will be available the end of April 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 Kansas for Policy Years 2018-2022, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 3rd Quarter 2022.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2018	29,695,996	945,645	3.2%
2019	24,593,699	991,804	4.0%
2020	21,157,430	896,036	4.2%
2021	21,690,739	--	--
2022	14,025,015	--	--

\* 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

#### Annual Data through December 31, 2022

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 Annual 2022.

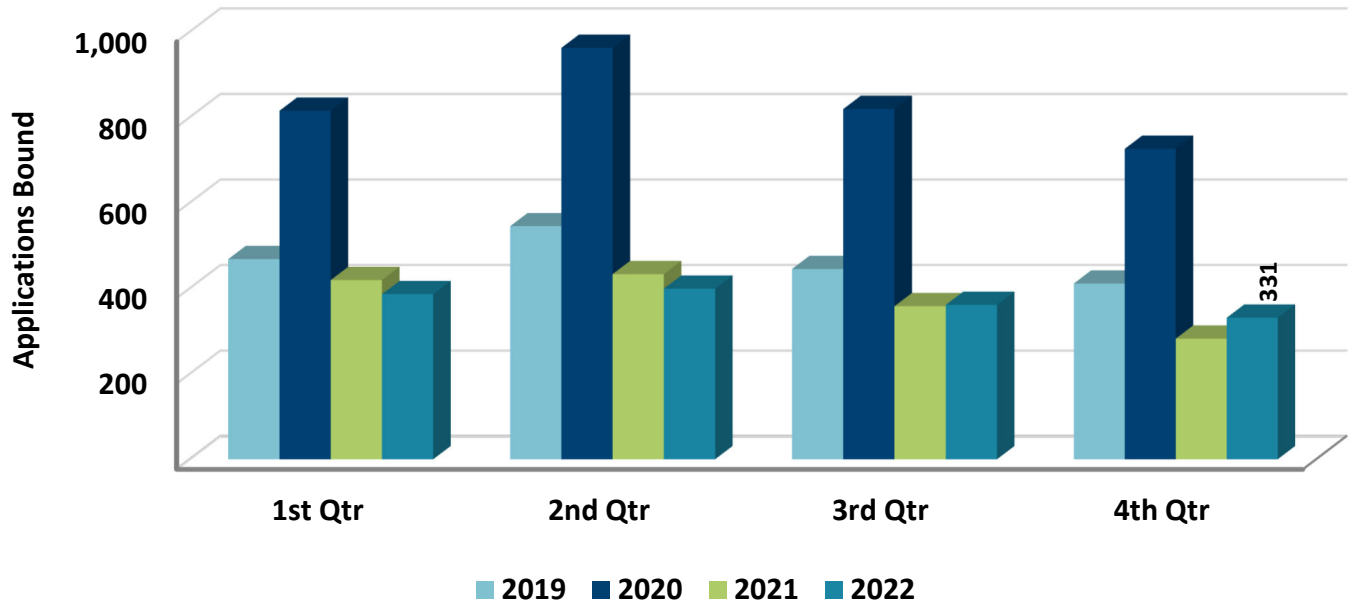
Number of Applications Reviewed by <b>VCAP<sup>®</sup> Service</b>	1,692
Number of <b>VCAP<sup>®</sup> Service</b> Matches	1,411
<b>VCAP<sup>®</sup> Service</b> Offers as a % of Matches	15.45%
Number of Confirmed <b>VCAP<sup>®</sup> Service</b> Policies	215
Confirmed <b>VCAP<sup>®</sup> Service</b> Policies as a % of Applications Reviewed	12.71%
Savings as a % of Redirected Assigned Risk Premium	6.71%



## Residual Market Demographics

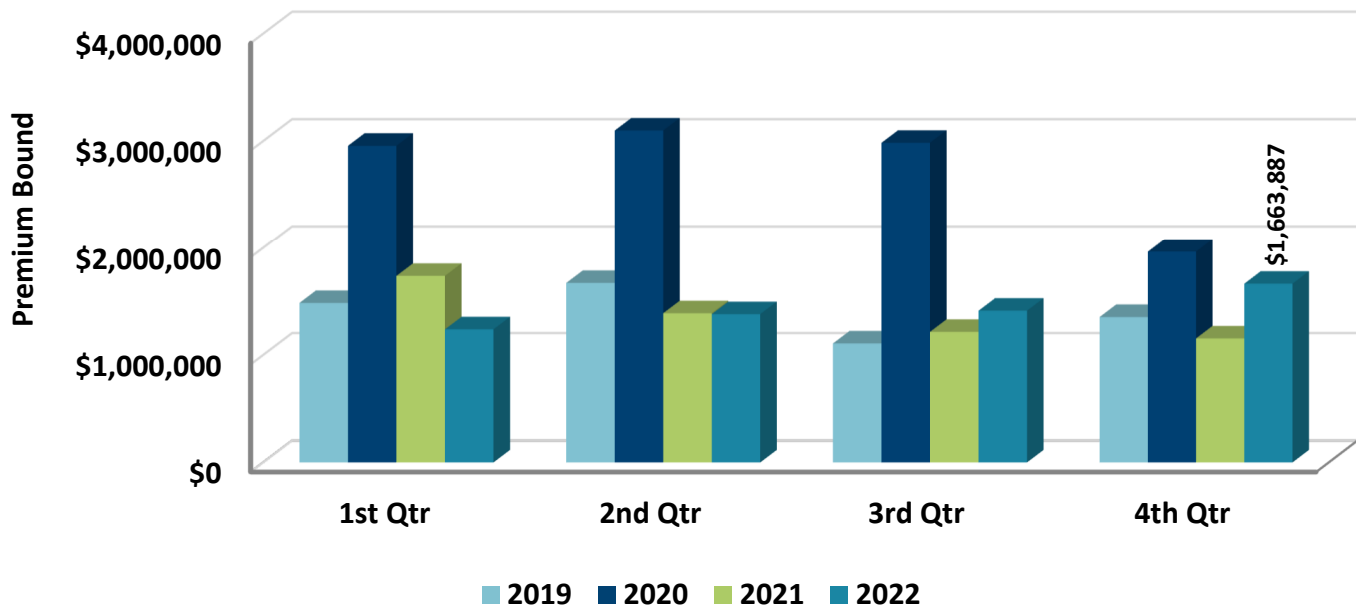
### Total Applications Bound — 2019 vs. 2020 vs. 2021 vs. 2022

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 — 2019 vs. 2020 vs. 2021 vs. 2022

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).





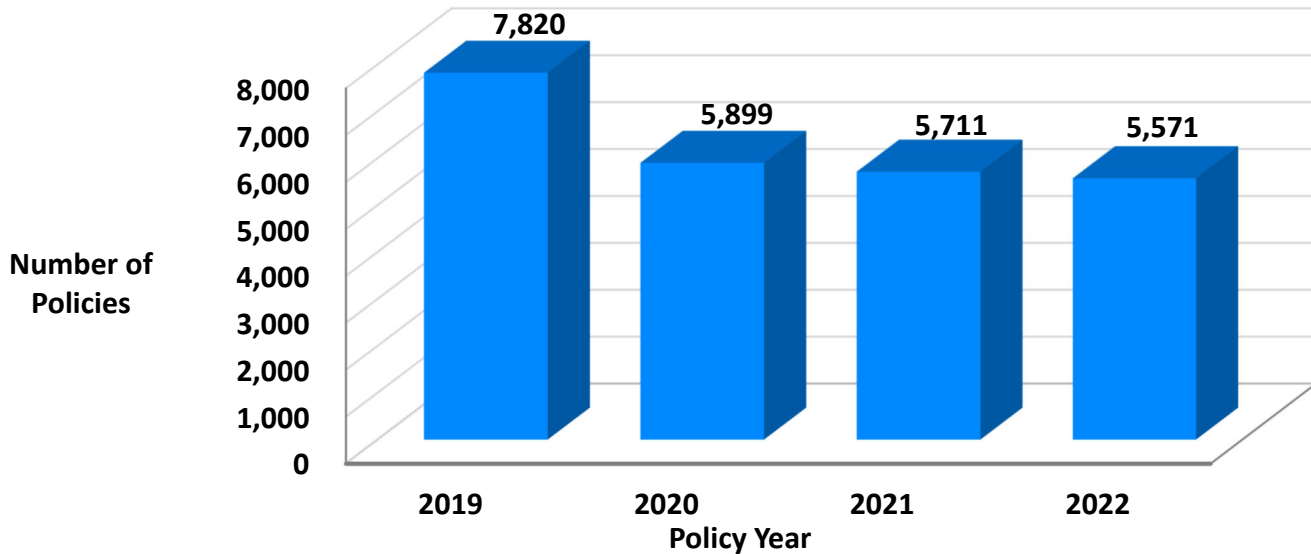


## Residual Market Demographics

### Residual Market Total Policy Counts

#### Annual Data for Policies Reported through December 31, 2022

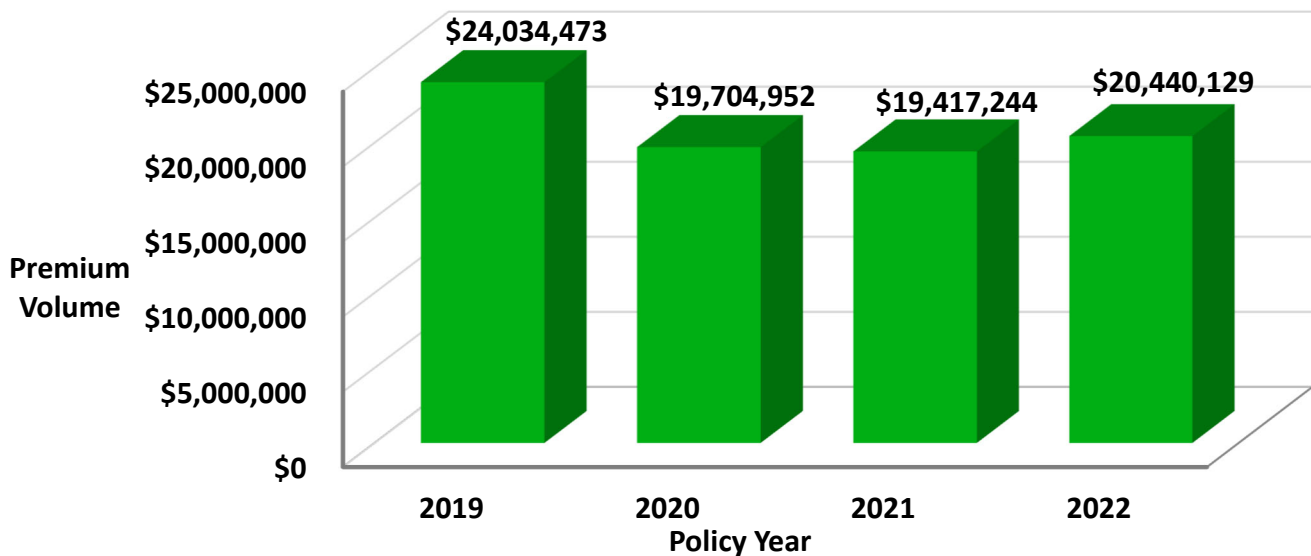
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Annual Data Reported through December 31, 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 Annual Data Reported through December 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	3,847	69.1	3,844,728	18.8	999
\$2500- \$4999	890	16.0	3,106,132	15.2	3,490
\$5000- \$9999	474	8.5	3,277,375	16.0	6,914
\$10000- \$19999	227	4.1	3,042,469	14.9	13,403
\$20000- \$49999	96	1.7	2,870,276	14.0	29,899
\$50000- \$99999	22	0.4	1,597,108	7.8	72,596
\$100000- \$199999	12	0.2	1,713,224	8.4	142,769
\$2000000+	3	0.1	988,817	4.8	329,606
Total	5,571	100.0	20,440,129	100.0	3,669

### Annual 2021 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	4,078	71.4	3,816,980	19.7	936
\$2500- \$4999	838	14.7	2,926,607	15.1	3,492
\$5000- \$9999	457	8.0	3,151,471	16.2	6,896
\$10000- \$19999	214	3.7	2,951,840	15.2	13,794
\$20000- \$49999	87	1.5	2,582,326	13.3	29,682
\$50000- \$99999	20	0.4	1,371,313	7.1	68,566
\$100000- \$199999	15	0.3	2,050,505	10.6	136,700
\$2000000+	2	0.0	566,202	2.9	283,101
Total	5,711	100.0	19,417,244	100.0	3,400



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count Annual Data Reported through December 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	510	9.2
2	5551 - Roofing-All Kinds & Drivers	499	9.0
3	7219 - Trucking - NOC-All Employees & Drivers	392	7.0
4	5474 - Painting NOC & Shop Operations, Drivers	211	3.8
5	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	184	3.3
6	6216 - Oil or Gas - Lease Work NOC - By Specialist Contractor & Drivers	182	3.3
7	8835 - Home, Public, And Traveling Healthcare - All Employees	166	3.0
8	0037 - Farm: Field Crops & Drivers	143	2.6
9	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	137	2.5
10	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	117	2.1

### Residual Market Top 10 Classification Codes by Premium Volume Annual Data Reported through December 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	1,713,810	8.4
2	5551 - Roofing-All Kinds & Drivers	1,692,162	8.3
3	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	1,370,704	6.7
4	8288 - Livestock Dealer or Commission Merchant & Salespersons, Drivers	888,341	4.3
5	0083 - Farm: Cattle or Livestock Raising NOC & Drivers	792,430	3.9
6	0037 - Farm: Field Crops & Drivers	755,061	3.7
7	8018 - Store: Wholesale NOC	480,518	2.4
8	9403 - Garbage, Ashes or Refuse Collection & Drivers	474,339	2.3
9	2883 - Furniture Manufacturing and Cabinet Shop - Wood NOC	454,604	2.2
10	6216 - Oil or Gas - Lease Work NOC - By Specialist Contractor & Drivers	439,398	2.1



## 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.