

Mississippi Residual Market State Activity Report

Second Quarter 2017



Executive Summary

NCCI, as Plan Administrator of the Mississippi Workers Compensation Insurance Plan, is pleased to provide the Second Quarter 2017 *Mississippi 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 Mississippi 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 any of the individuals listed below.

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Residual Market Demographics

Residual Market Total Policies and Premium in Force

As of June 30, 2017—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.

	2017	2016	2017 vs. 2016 #	2017 vs. 2016 %
Policy Count	2,658	2,625	33	1.3%
Premium Volume	\$15,670,701	\$21,731,281	-\$6,060,580	-27.9%



Residual Market Demographics

Voluntary Coverage Assistance Program Second Quarter Data through June 30, 2017

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 Second Quarter 2017.

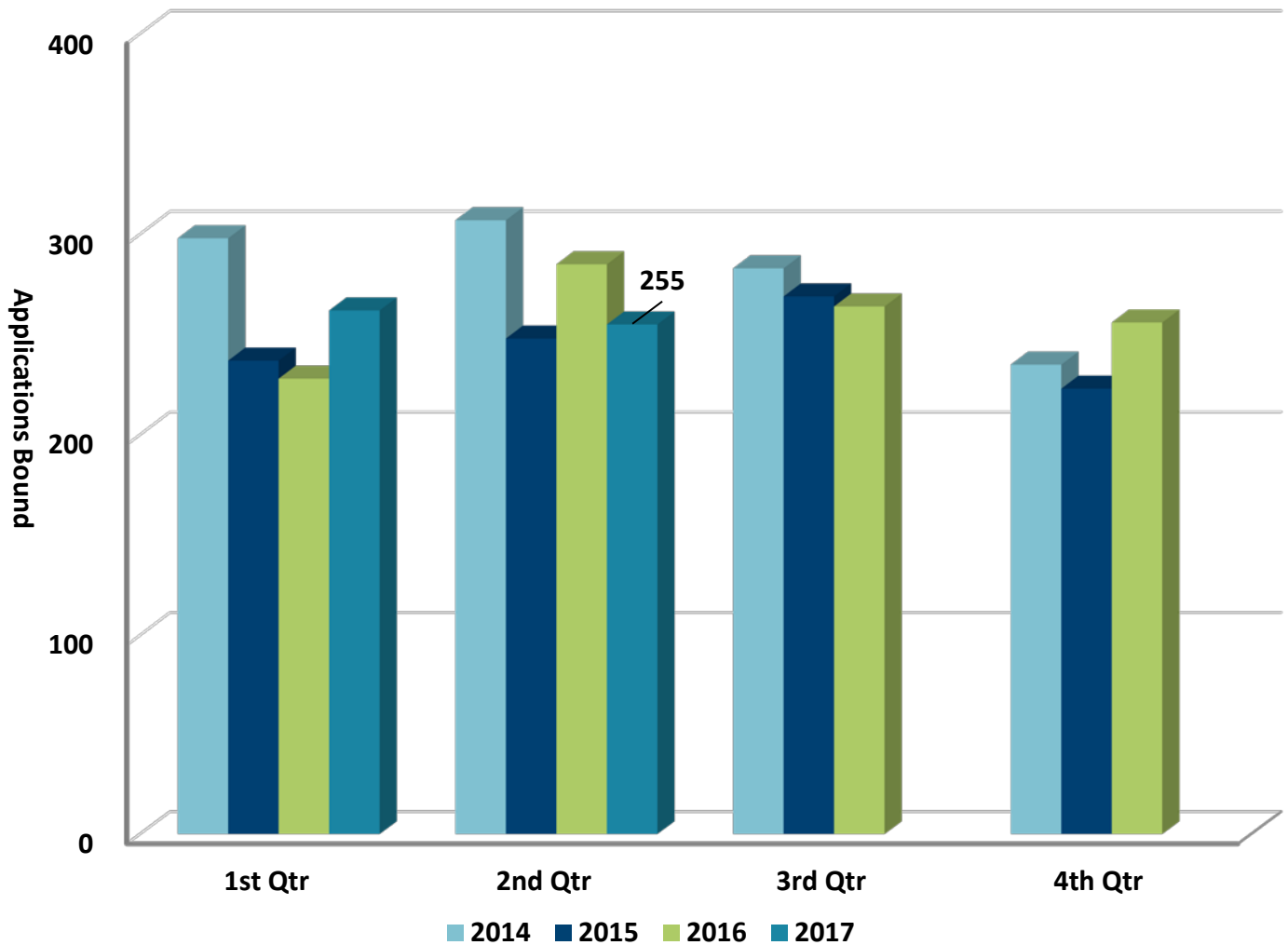
Number of Applications Reviewed by VCAP[®] Service	258
Number of VCAP[®] Service Matches	228
VCAP[®] Service Offers as a % of Matches	2.63%
Number of Confirmed VCAP[®] Service Policies	6
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	2.33%
Savings as a % of Redirected Assigned Risk Premium	20.58%



Residual Market Demographics

Total Applications Bound 2014 vs. 2015 vs. 2016 vs. 2017

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



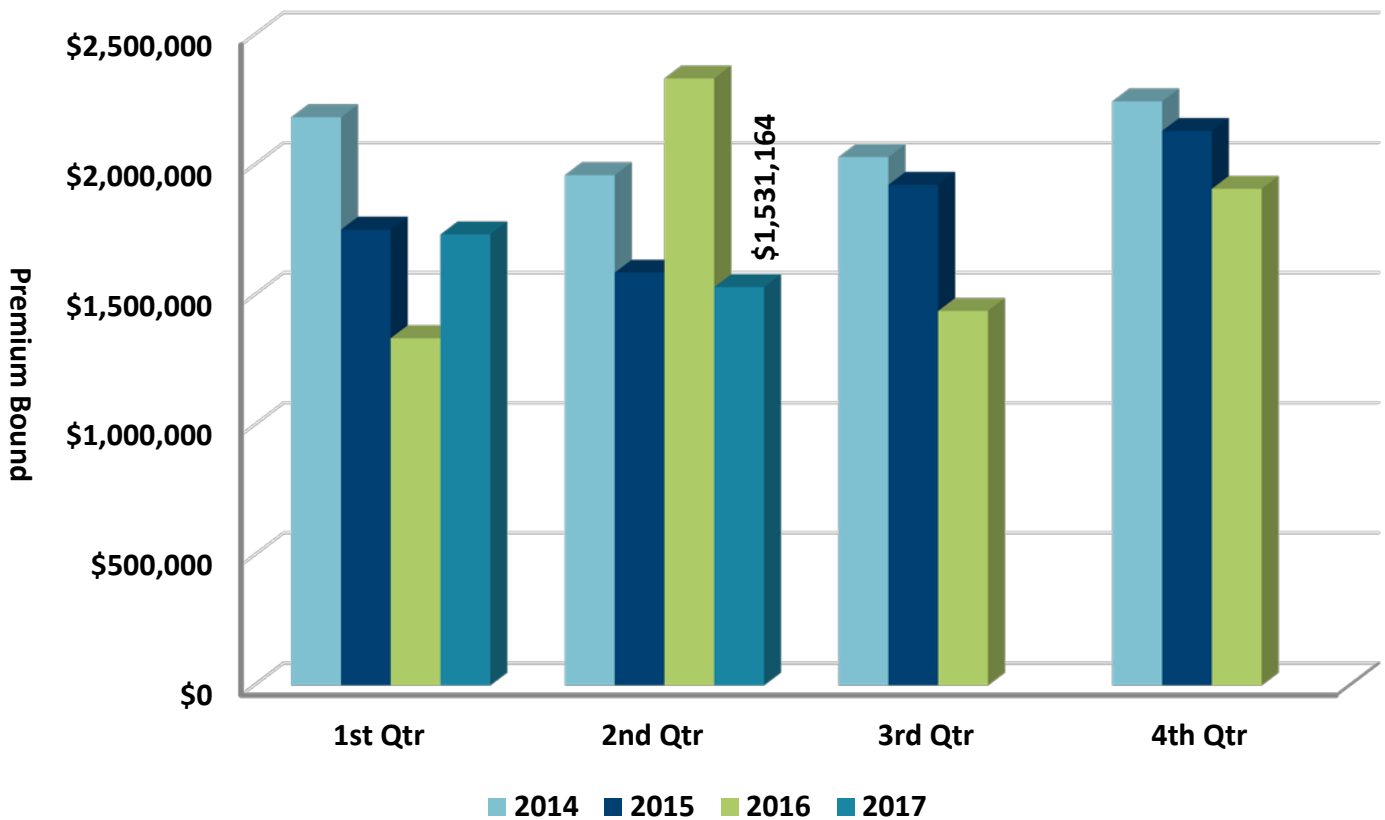


Residual Market Demographics

Total Application Premium Bound

2014 vs. 2015 vs. 2016 vs. 2017

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).



1.

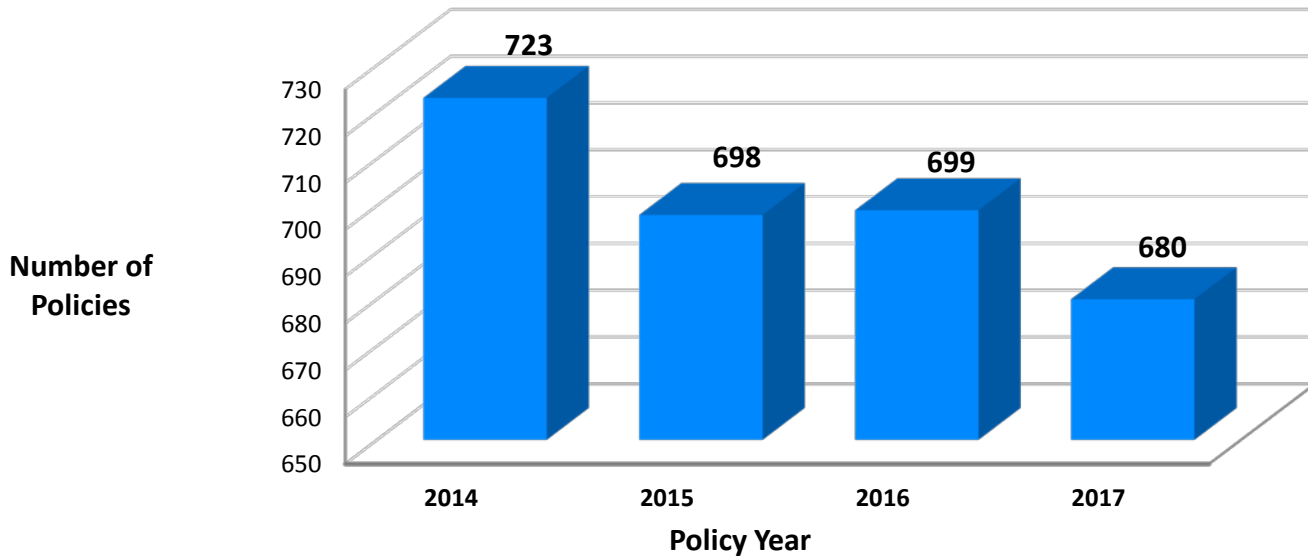


Residual Market Demographics

Residual Market Total Policy Counts

Second Quarter Data for Policies Reported through June 30, 2017

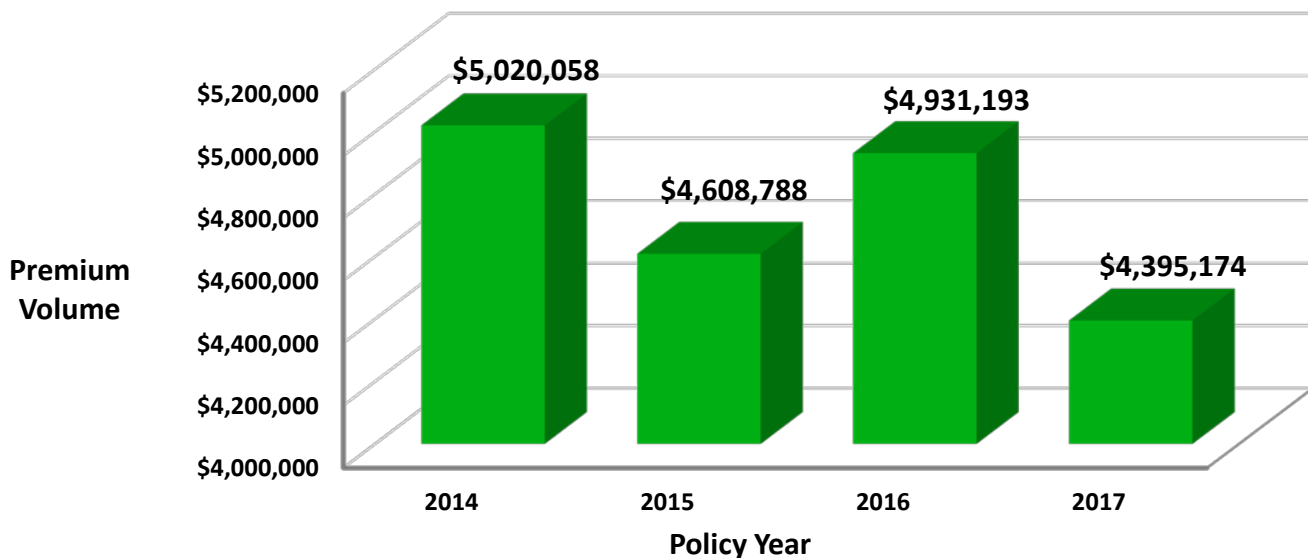
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Second Quarter Data Reported through June 30, 2017

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, 2017

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	422	62.1%	\$528,007	12.0%	\$1,251
\$2500–4999	91	13.4%	\$335,326	7.6%	\$3,684
\$5000–9999	69	10.2%	\$495,470	11.3%	\$7,180
\$10000–19999	56	8.2%	\$771,521	17.6%	\$13,777
\$20000–49999	29	4.3%	\$802,481	18.3%	\$27,671
\$50000–99999	8	1.2%	\$547,937	12.5%	\$68,492
\$100000–199999	4	0.6%	\$619,224	14.1%	\$154,806
\$200000 +	1	0.2%	\$295,208	6.7%	\$295,208
Total	680	100.0%	\$4,395,174	100.0%	\$6,463

Second Quarter 2016 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium	% of Total Premium	Average Premium
\$0–2499	406	58.1%	\$492,690	10.0%	\$1,213
\$2500–4999	103	14.7%	\$374,481	7.6%	\$3,635
\$5000–9999	87	12.5%	\$635,244	12.9%	\$7,301
\$10000–19999	60	8.6%	\$868,482	17.6%	\$14,474
\$20000–49999	25	3.6%	\$768,066	15.6%	\$30,722
\$50000–99999	11	1.6%	\$753,178	15.3%	\$68,470
\$100000–199999	6	0.9%	\$821,624	16.7%	\$136,937
\$200000 +	1	0.1%	\$217,428	4.4%	\$217,428
Total	699	100%	\$4,931,193	100%	\$7,055



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Second Quarter Data Reported through June 30, 2017

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	Description	Policy Count	% of Policies
1	7228	Trucking-Local Hauling Only-& Drivers	29	4.3%
2	2701	Logging or Tree Removal - Log Hauling & Drivers	28	4.1%
3	5474	Painting NOC & Shop Operations Drivers	27	4.0%
4	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	26	3.8%
5	5437	Carpentry-Installation of Cabinet Work or Interior Trim	22	3.2%
6	0037	Farm: Field Crops & Drivers	21	3.1%
7	9102	Park NOC-All Employees & Drivers	18	2.7%
8	8835	Nursing-Home Health Public and Traveling-All Employees	17	2.5%
9	5551	Roofing-All Kinds & Drivers	17	2.5%
10	9015	Buildings-Operation by Owner or Lessee	16	2.4%

Residual Market Top 10 Classification Codes by Premium Volume Second Quarter Data Reported through June 30, 2017

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	Description	Premium	% of Premium
1	5535	Sheet Metal Work-Installation & Drivers	\$332,109	7.6%
2	2731	Planing or Molding Mill	\$238,459	5.4%
3	0037	Farm: Field Crops & Drivers	\$203,704	4.6%
4	9014	Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	\$201,273	4.6%
5	7228	Trucking-Local Hauling Only-& Drivers	\$176,594	4.0%
6	8232	Lumberyard New Materials Only: All Other Employees & Yard Warehouse Drivers	\$171,988	3.9%
7	7231	Mail Parcel or Package Delivery and Courier or Messenger Service Companies - All Employee	\$161,500	3.7%
8	7229	Trucking-Long Distance Hauling-& Drivers	\$133,291	3.0%
9	8742	Salespersons Collectors or Messengers-Outside	\$119,607	2.7%
10	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	\$119,337	2.7%



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.