

Nevada Residual Market State Activity Report

First Quarter 2019



Executive Summary

NCCI, as Pool and Plan Administrator of the Nevada Workers Compensation Insurance Plan, is pleased to provide the First Quarter 2019 *Nevada 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 Nevada Plan. Residual Market demographics contained in this report include:

Table of Contents

Residual Market Demographics	
Residual Market Total Policies and Premium in Force	1
Nevada Residual Market Reinsurance Pool Booked Loss Ratio	2
Nevada Residual Market Reinsurance Pool Ultimate Net Written Premium	2
Nevada 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.

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Residual Market Demographics

Residual Market Total Policies and Premium in Force

As of March 31, 2019—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.

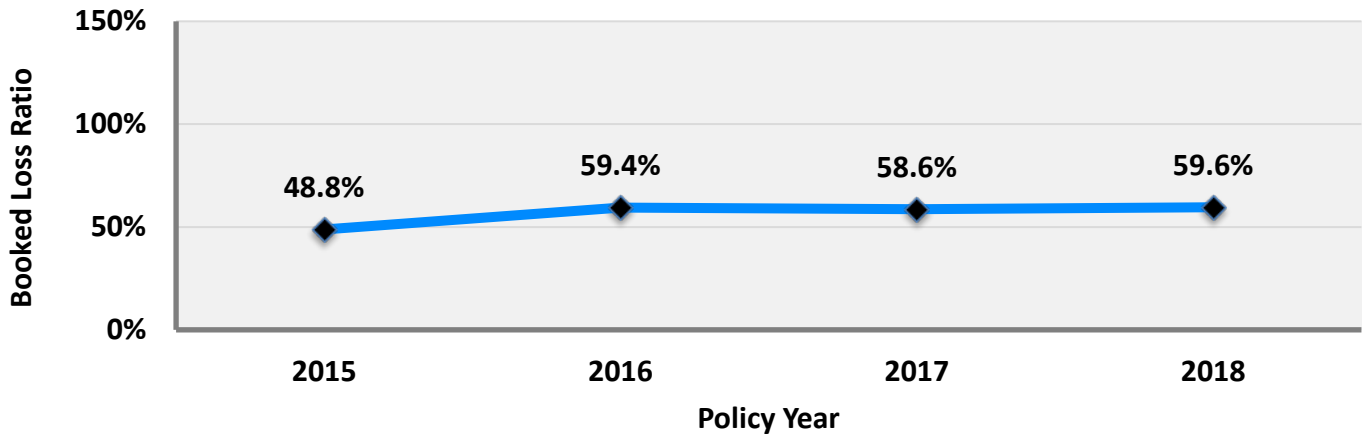
	2019	2018	2019 vs. 2018 #	2019 vs. 2018 %
Policy Count	4,818	5,012	-194	-3.9%
Premium Volume	\$24,123,816	\$21,156,403	\$2,967,413	14.0%



Residual Market Demographics

Nevada Residual Market Reinsurance Pool Booked Loss Ratio Policy Year Financial Results through 4th Quarter 2018 for 2018 and prior years*

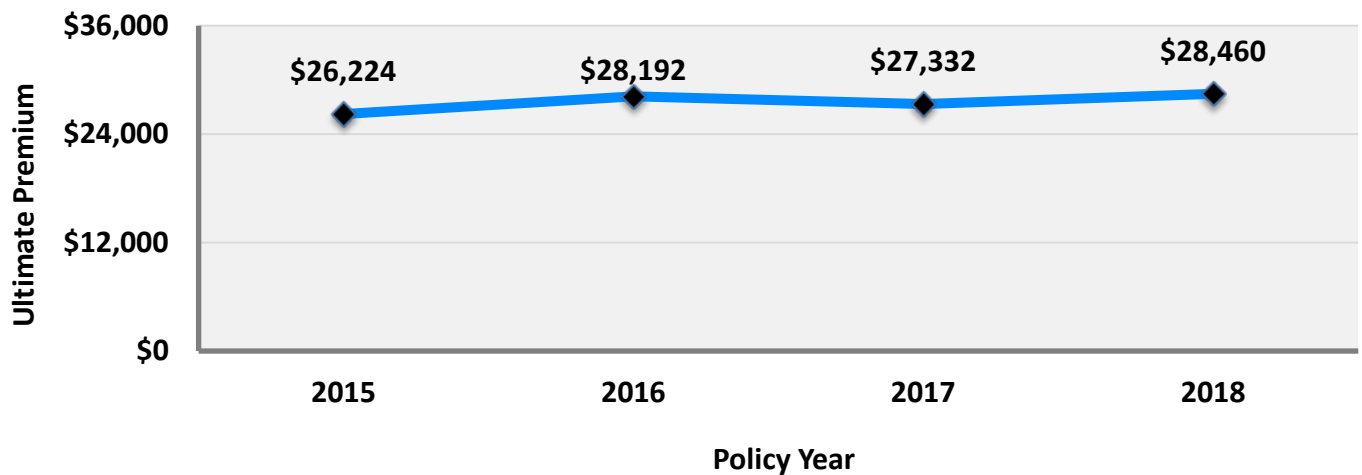
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 4th Quarter 2018 for 2018 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 2019 data will be available the end of July 2019 due to the timing of data reporting

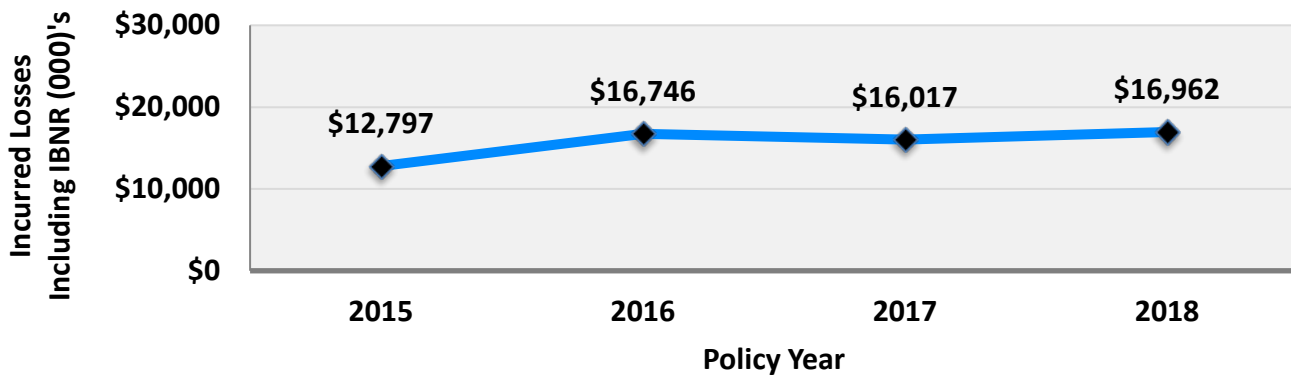


Residual Market Demographics

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

Policy Year Financial Results through 4th Quarter 2018 for 2018 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.



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

Policy Year Financial Results through 4th Quarter 2018 for 2018 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 2019 data will be available the end of July 2019 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 Nevada for Policy Years 2014-2018, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 4th Quarter 2018.

Policy Year	Gross Written Premium	Uncollectible Premium	Percentage
2014	\$30,443,454	\$669,878	2.2%
2015	\$26,510,715	\$286,513	1.1%
2016	\$28,699,396	\$507,307	1.8%
2017	\$27,435,252	*	N/A
2018	\$21,053,618	*	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

Voluntary Coverage Assistance Program

First Quarter Data through March 31, 2019

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 2019.

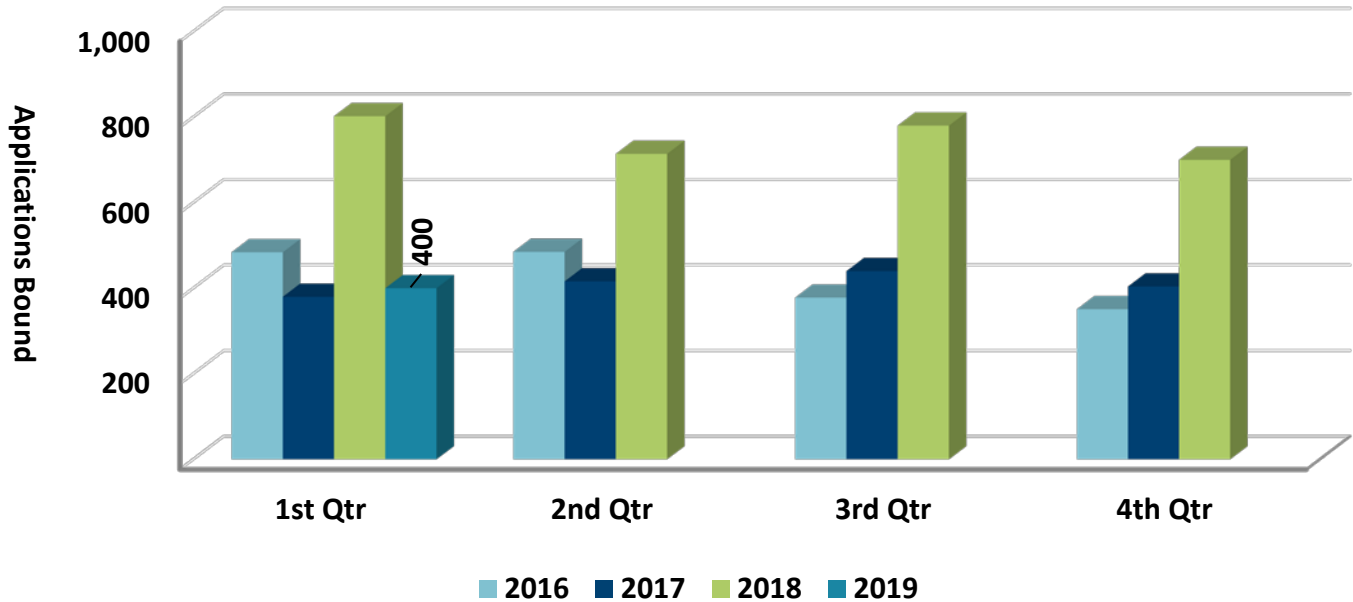
Number of Applications Reviewed by VCAP[®] Service	413
Number of VCAP[®] Service Matches	325
VCAP[®] Service Offers as a % of Matches	4.31%
Number of Confirmed VCAP[®] Service Policies	14
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	3.39%
Savings as a % of Redirected Assigned Risk Premium	2.96%



Residual Market Demographics

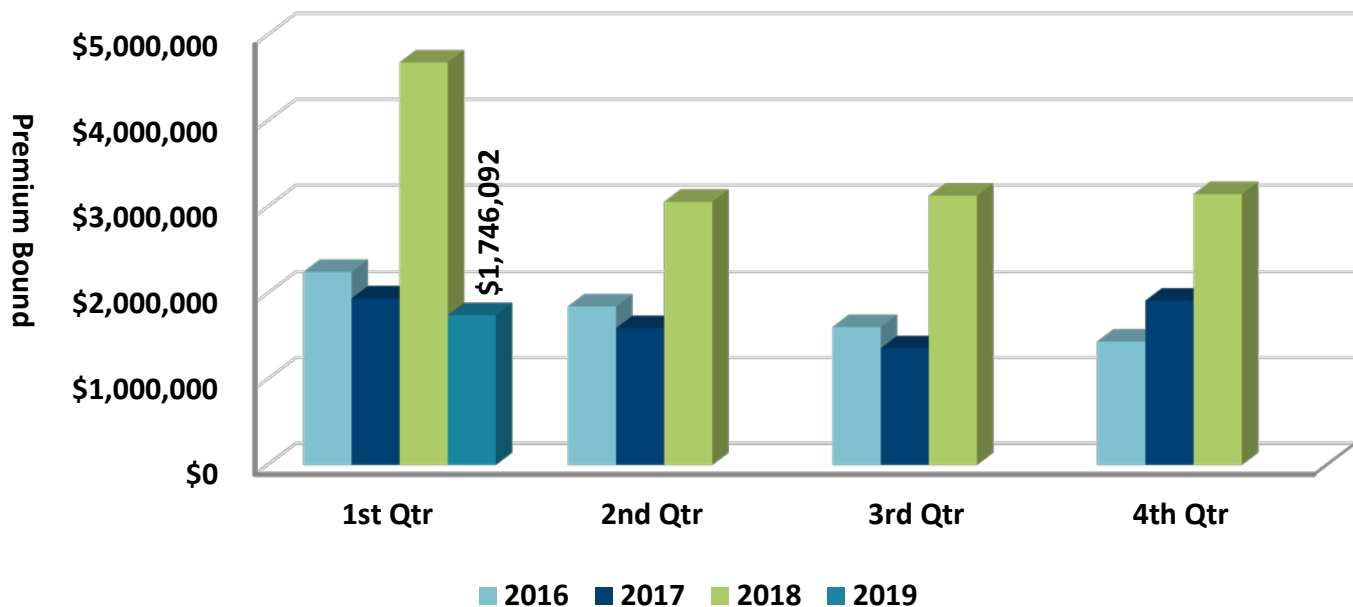
Total Applications Bound — 2016 vs. 2017 vs. 2018 vs. 2019

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 — 2016 vs. 2017 vs. 2018 vs. 2019

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).



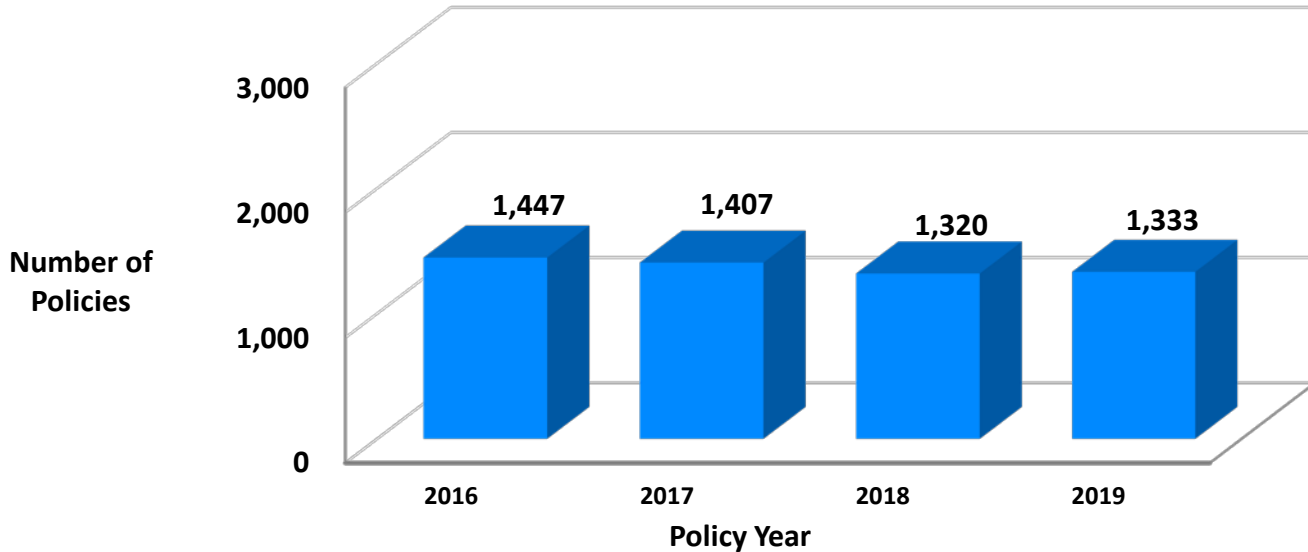


Residual Market Demographics

Residual Market Total Policy Counts

First Quarter Data for Policies Reported through March 31, 2019

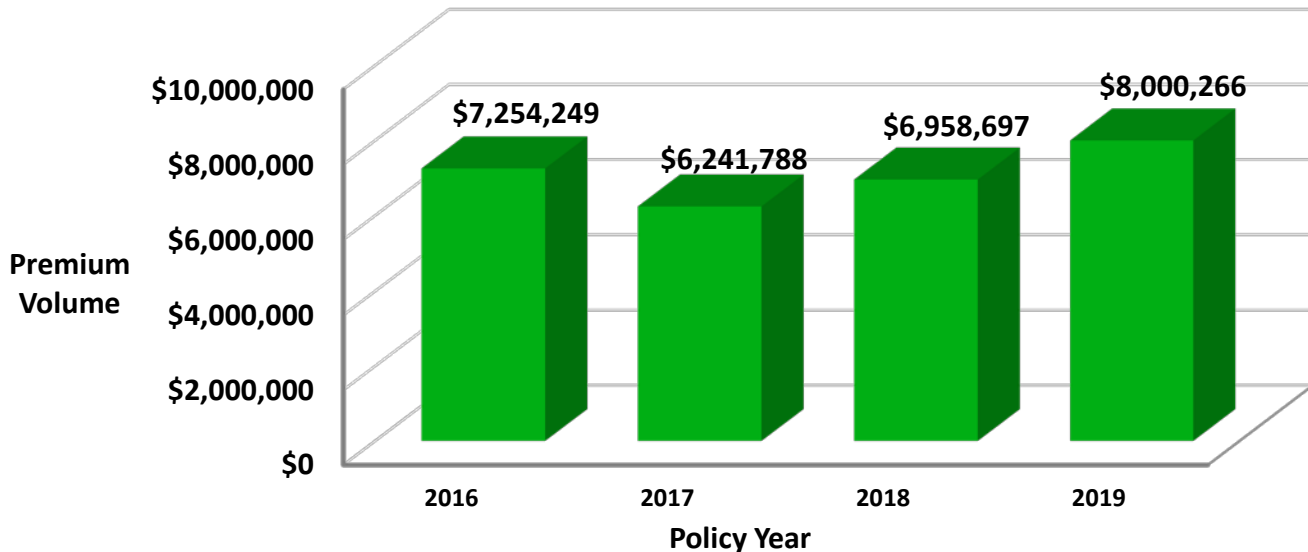
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

First Quarter Data Reported through March 31, 2019

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, 2019

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	867	65.0%	\$847,072	10.6%	\$977
\$2500–4999	194	14.6%	\$683,585	8.5%	\$3,523
\$5000–9999	133	10.0%	\$954,770	11.9%	\$7,178
\$10000–19999	75	5.6%	\$1,020,823	12.8%	\$13,610
\$20000–49999	42	3.2%	\$1,238,665	15.5%	\$29,492
\$50000–99999	13	1.0%	\$839,509	10.5%	\$64,577
\$100000–199999	3	0.2%	\$416,004	5.2%	\$138,668
\$200000 +	6	0.5%	\$1,999,838	25.0%	\$333,306
Total	1,333	100.0%	\$8,000,266	100.0%	\$6,002

First Quarter 2018 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium	% of Total Premium	Average Premium
\$0–2499	867	65.7%	\$837,127	12.0%	\$965
\$2500–4999	190	14.4%	\$681,118	9.8%	\$3,584
\$5000–9999	129	9.8%	\$905,833	13.0%	\$7,021
\$10000–19999	78	5.9%	\$1,060,279	15.2%	\$13,593
\$20000–49999	42	3.2%	\$1,330,273	19.1%	\$31,673
\$50000–99999	5	0.4%	\$297,198	4.3%	\$59,439
\$100000–199999	5	0.4%	\$663,913	9.5%	\$132,782
\$200000 +	4	0.3%	\$1,182,956	17.0%	\$295,739
Total	1,320	100.0%	\$6,958,697	100.0%	\$5,272



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count First Quarter Data Reported through March 31, 2019

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	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories In Height	88	6.6%
2	7219	Trucking - NOC-All Employees & Drivers	65	4.9%
3	8835	Home, Public, and Traveling Healthcare - All Employees	58	4.4%
4	9014	Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	51	3.8%
5	8810	Clerical Office Employees NOC	48	3.6%
6	5606	Contractor - Project Manager, Construction Executive, Construction Manager or Construction Superintendent	40	3.0%
7	5474	Painting NOC & Shop Operations, Drivers	32	2.4%
8	5551	Roofing-All Kinds & Drivers	30	2.3%
9	8742	Salespersons or Collectors - Outside	28	2.1%
10	9063	YMCA, YWCA, YMHA, or YWHA Institution-All Employees & Clerical	26	2.0%

Residual Market Top 10 Classification Codes by Premium Volume First Quarter Data Reported through March 31, 2019

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	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories In Height	\$754,613	9.4%
2	5102	Door and Window Installation - All Types - Residential and Commercial	\$616,095	7.7%
3	5040	Iron or Steel: Erection-Frame Structures	\$465,818	5.8%
4	5403	Carpentry NOC	\$326,745	4.1%
5	5551	Roofing-All Kinds & Drivers	\$265,548	3.3%
6	8292	Storage Warehouse NOC	\$227,964	2.9%
7	9058	Hotel - Restaurant Employees	\$219,770	2.8%
8	8018	Store: Wholesale NOC	\$213,689	2.7%
9	9156	Theater NOC – Players, Entertainers, or Musicians	\$210,925	2.6%
10	9015	Building or Property Management - All Other Employees	\$210,922	2.6%



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.