



Nevada Residual Market State Activity Report

Second Quarter 2017



Executive Summary

NCCI, as Pool and Plan Administrator of the Nevada Workers Compensation Insurance Plan, is pleased to provide the Second Quarter 2017 *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:

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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 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	4,877	4,861	16	0.3%
Premium Volume	\$21,149,143	\$22,405,996	-\$1,256,853	-5.6%

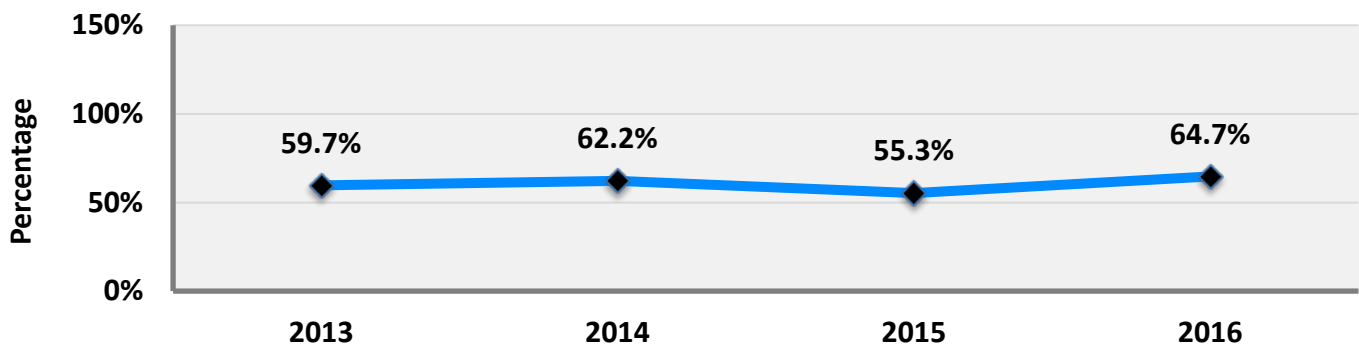


Residual Market Demographics

Nevada Residual Market Reinsurance Pool Booked Loss Ratio Policy Year Financial Results through 1st Quarter 2017 for 2016 and prior years*

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

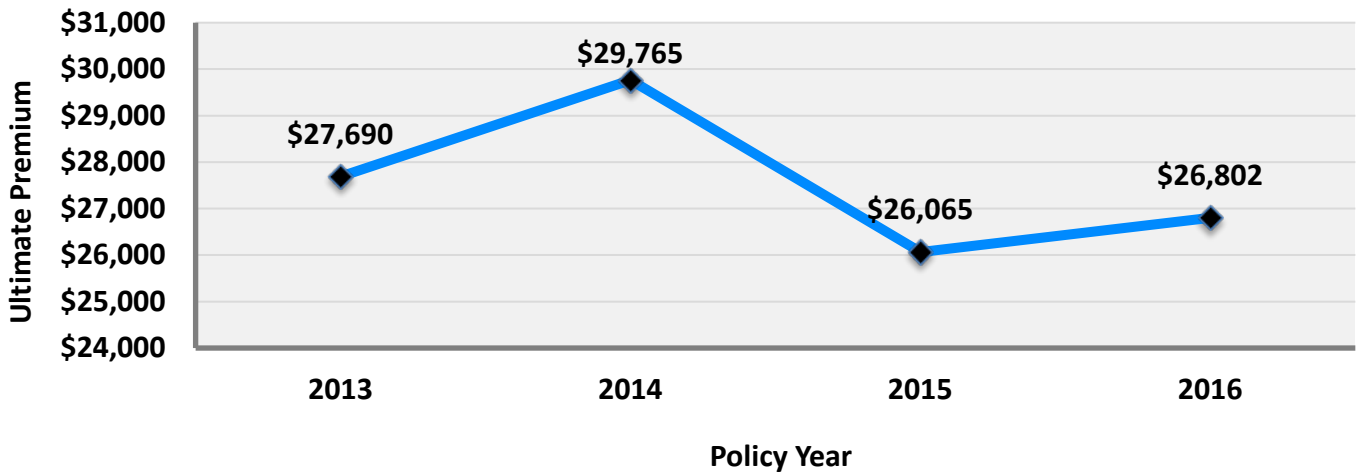
Booked Loss Ratio



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

Policy Year Financial Results through 1st Quarter 2017 for 2016 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.



* Second Quarter 2017 data will be available the end of October 2017 due to the timing of data reporting

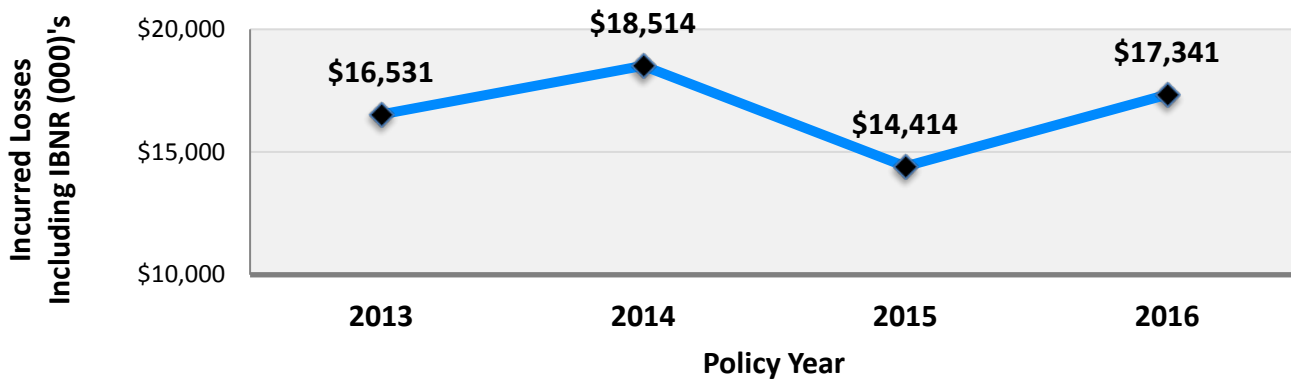


Residual Market Demographics

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

Policy Year Financial Results through 1st Quarter 2017 for 2016 and prior years*

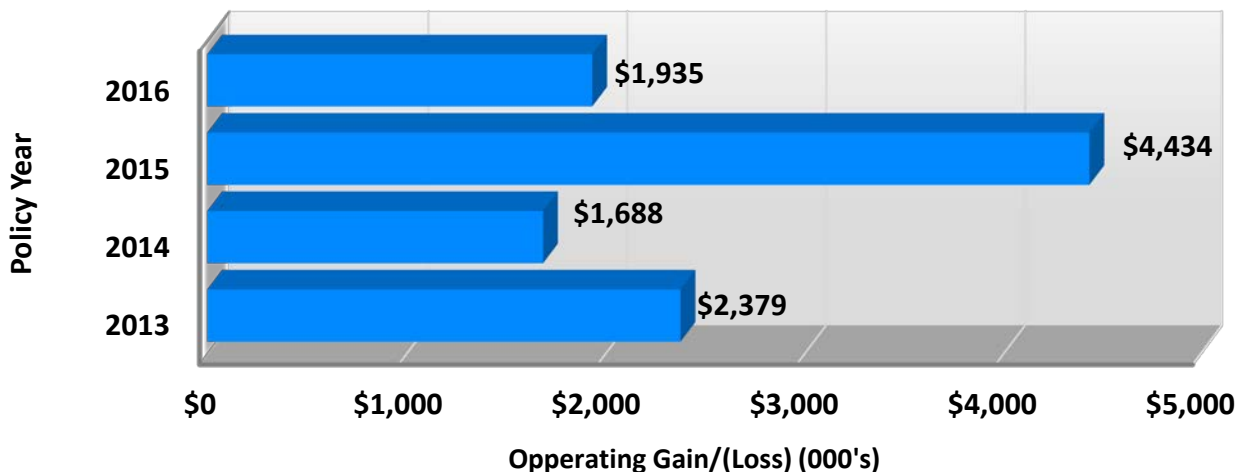
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 1st Quarter 2017 for 2016 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.



* Second Quarter 2017 data will be available the end of October 2017 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 2013-2017, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through First Quarter 2017.

Policy Year	Gross Written Premium	Uncollectible Premium	Percentage
2013	\$28,326,342	\$636,059	2.2%
2014	\$30,633,430	\$867,976	2.8%
2015	\$26,597,020	\$435,379	1.6%
2016	\$23,579,922	*	N/A
2017	\$3,616,411	*	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 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.

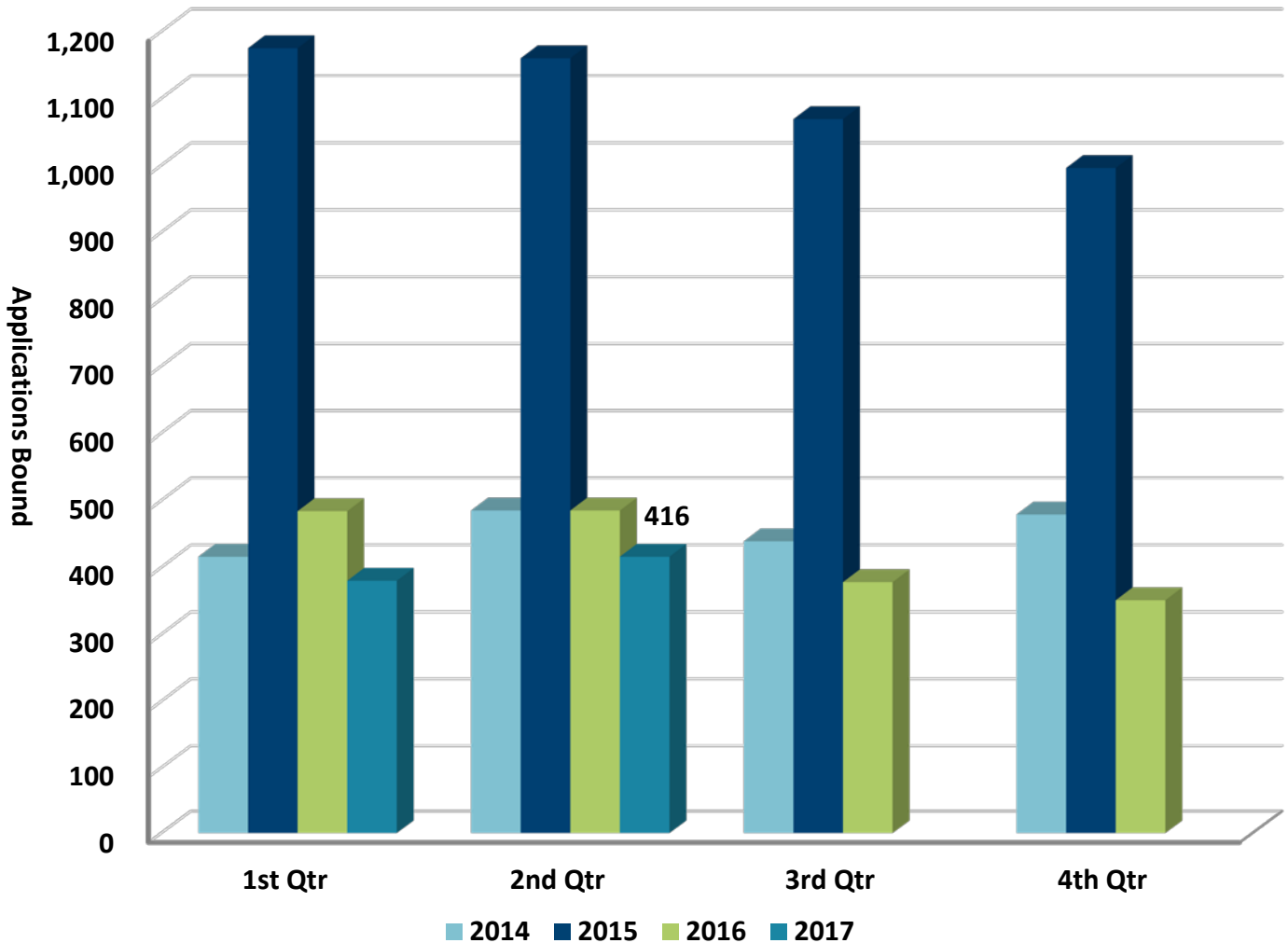
Number of Applications Reviewed by VCAP[®] Service	422
Number of VCAP[®] Service Matches	354
VCAP[®] Service Offers as a % of Matches	2.26%
Number of Confirmed VCAP[®] Service Policies	8
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	1.90%
Savings as a % of Redirected Assigned Risk Premium	2.11%



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).

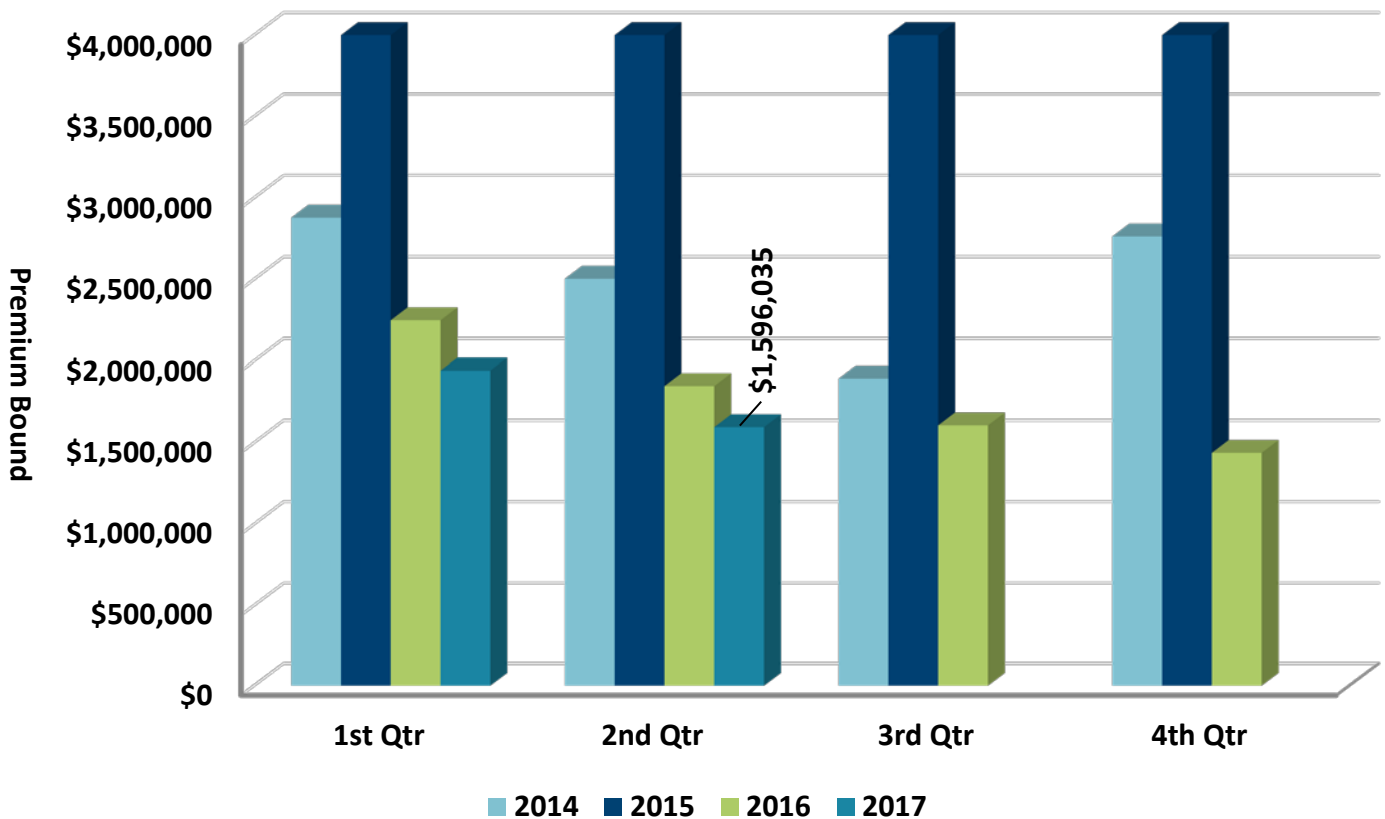




Residual Market Demographics

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).



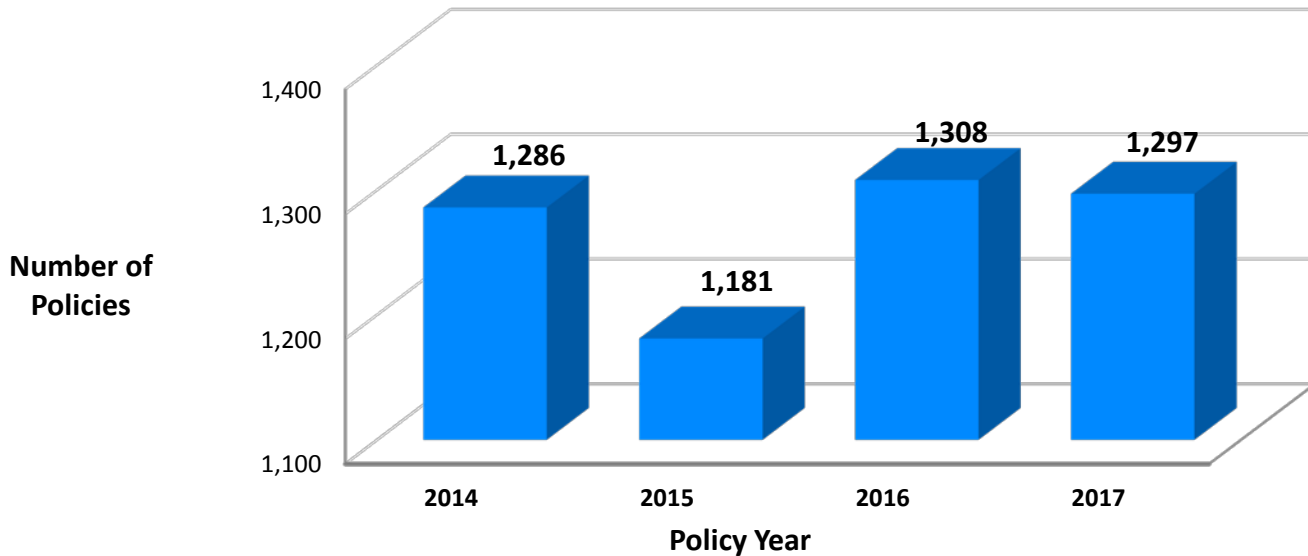


Residual Market Demographics

Residual Market Total Policy Counts

Second Quarter Data for Policies Reported through June 30, 2017

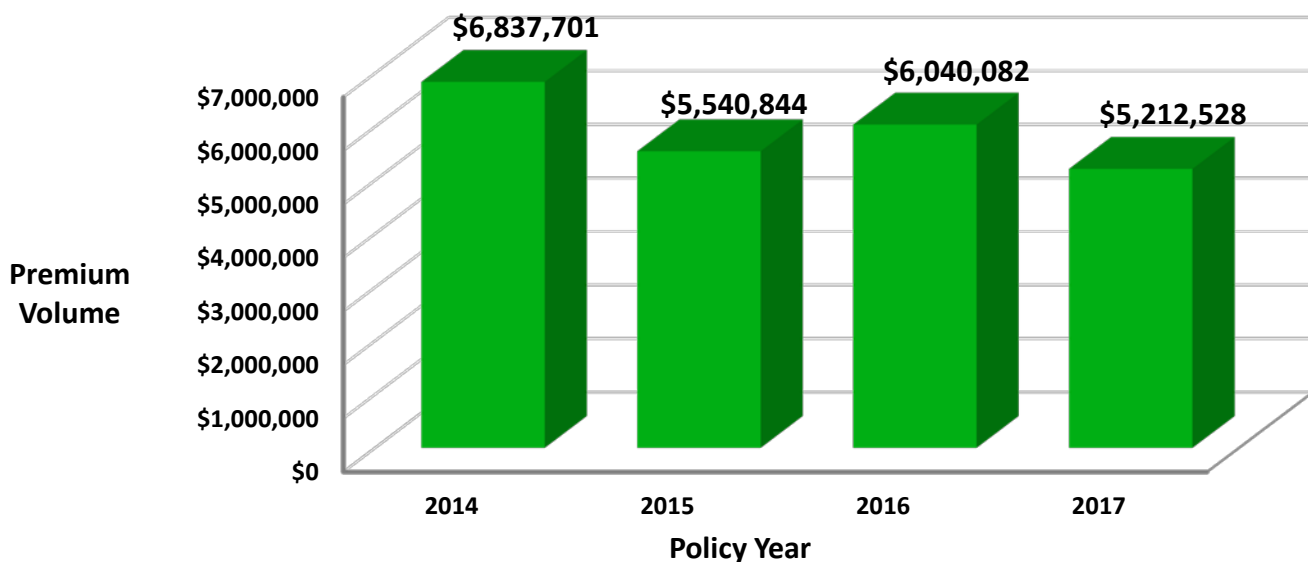
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



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	913	70.4%	\$930,699	17.9%	\$1,019
\$2500–4999	173	13.3%	\$621,365	11.9%	\$3,591
\$5000–9999	125	9.6%	\$881,356	16.9%	\$7,050
\$10000–19999	47	3.6%	\$633,666	12.2%	\$13,482
\$20000–49999	27	2.1%	\$814,381	15.6%	\$30,162
\$50000–99999	6	0.5%	\$445,401	8.5%	\$74,233
\$100000–199999	5	0.4%	\$664,390	12.8%	\$132,878
\$200000 +	1	0.1%	\$221,270	4.2%	\$221,270
Total	1,297	100.0%	\$5,212,528	100.0%	\$4,019

Second Quarter 2016 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium	% of Total Premium	Average Premium
\$0–2499	910	69.6%	\$902,095	14.9%	\$991
\$2500–4999	160	12.2%	\$571,304	9.5%	\$3,570
\$5000–9999	122	9.3%	\$857,006	14.2%	\$7,024
\$10000–19999	70	5.4%	\$1,004,739	16.6%	\$14,353
\$20000–49999	27	2.1%	\$741,506	12.3%	\$27,463
\$50000–99999	12	0.9%	\$845,377	14.0%	\$70,448
\$100000–199999	5	0.4%	\$661,197	11.0%	\$132,239
\$200000 +	2	0.2%	\$456,858	7.6%	\$228,429
Total	1,308	100%	\$6,040,082	100%	\$4,618



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	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	66	5.1%
2	8835	Nursing-Home Health Public and Traveling-All Employees	59	4.6%
3	9014	Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	54	4.2%
4	7228	Trucking-Local Hauling Only-& Drivers	47	3.6%
5	8810	Clerical Office Employees NOC	34	2.6%
6	5474	Painting NOC & Shop Operations Drivers	34	2.6%
7	7229	Trucking-Long Distance Hauling-& Drivers	33	2.5%
8	8017	Store: Retail NOC	31	2.4%
9	5403	Carpentry NOC	31	2.4%
10	8742	Salespersons Collectors or Messengers-Outside	27	2.1%

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	9156	Theater NOC: Players Entertainers or Musicians	\$312,956	6.0%
2	8018	Store: Wholesale NOC	\$241,235	4.6%
3	7228	Trucking-Local Hauling Only-& Drivers	\$233,080	4.5%
4	5551	Roofing-All Kinds & Drivers	\$218,413	4.2%
5	7723	Detective or Patrol Agency- Private & Drivers	\$201,944	3.9%
6	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	\$199,152	3.8%
7	8835	Nursing-Home Health Public and Traveling-All Employees	\$165,262	3.2%
8	0037	Farm: Field Crops & Drivers	\$144,515	2.8%
9	8861	Charitable or Welfare - Professional Employees and Clerical	\$135,395	2.6%
10	6217	Excavation & Drivers	\$132,824	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.