



Nevada Residual Market State Activity Report

Third Quarter 2022



Executive Summary

NCCI, as Pool and Plan Administrator of the Nevada Workers Compensation Insurance Plan, is pleased to provide the Third Quarter 2022 *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.

Sally Laub, Plan Administration

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Residual Market Demographics

Residual Market Total Policies and Premium in Force

As of September 30, 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 %
Policy Count	3,306	3,533	-227	-6.4%
Premium Volume	\$17,300,907	\$18,985,895	-\$1,684,988	-8.9%

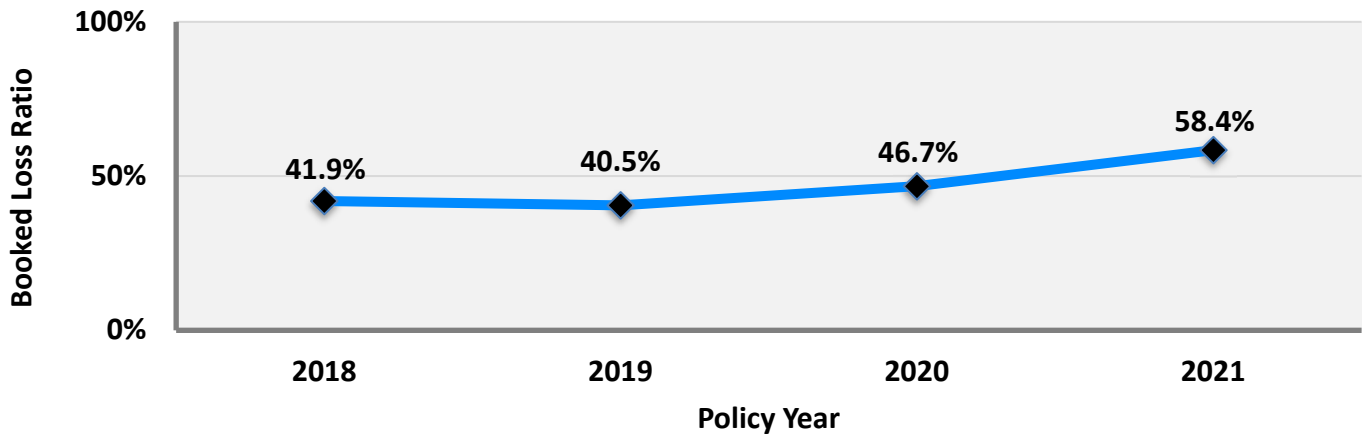


Residual Market Demographics

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

Policy Year Financial Results through 2nd Quarter 2022 for 2021 and prior years*

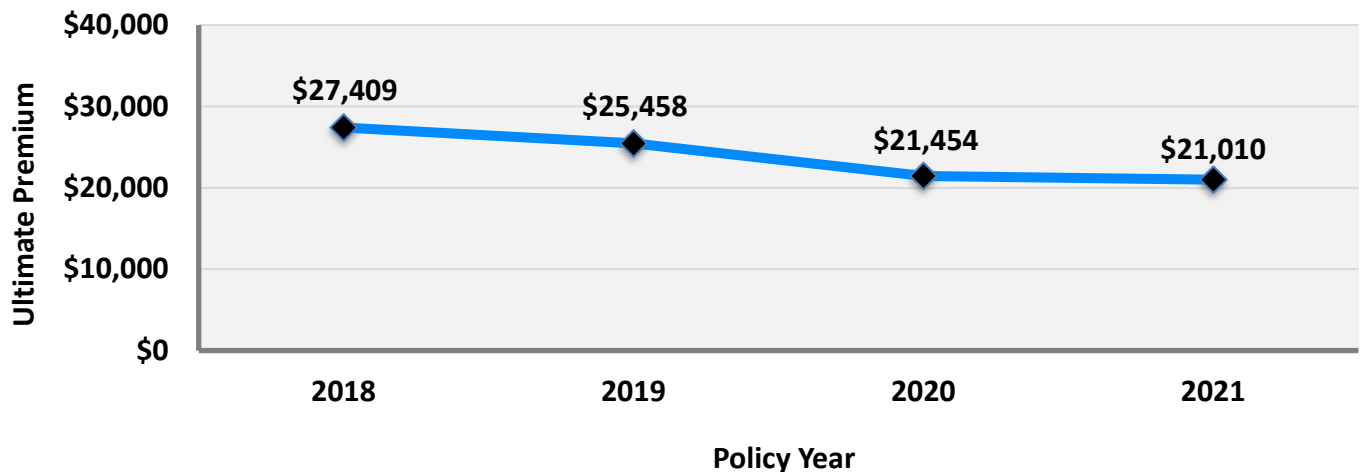
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 2nd 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.



*3rd Quarter 2022 data will be available the end of January 2023 due to the timing of data reporting

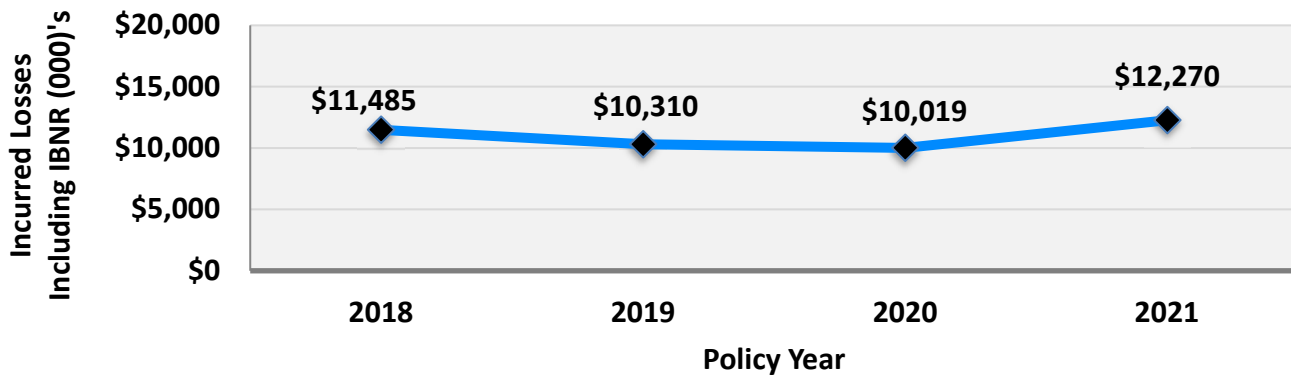


Residual Market Demographics

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

Policy Year Financial Results through 2nd Quarter 2022 for 2021 and prior years*

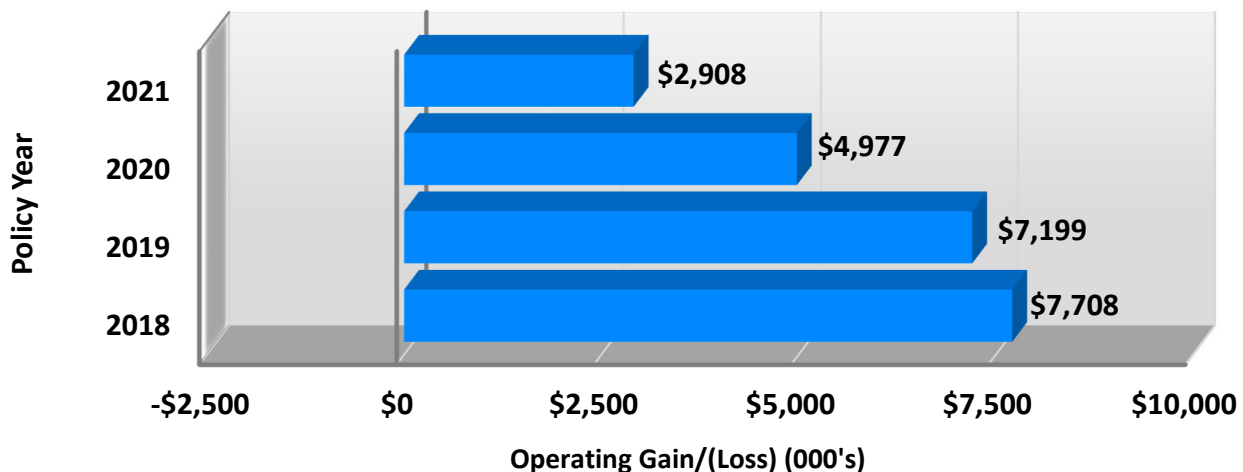
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 2nd 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.



*3rd Quarter 2022 data will be available the end of January 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 Nevada for Policy Years 2018-2022, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 2nd Quarter 2022.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2018	29,043,015	1,633,682	5.6%
2019	27,783,280	2,325,580	8.4%
2020	22,195,758	956,466	4.3%
2021	21,085,291	--	--
2022	7,149,295	--	--

* 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, 2022

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 Third Quarter 2022.

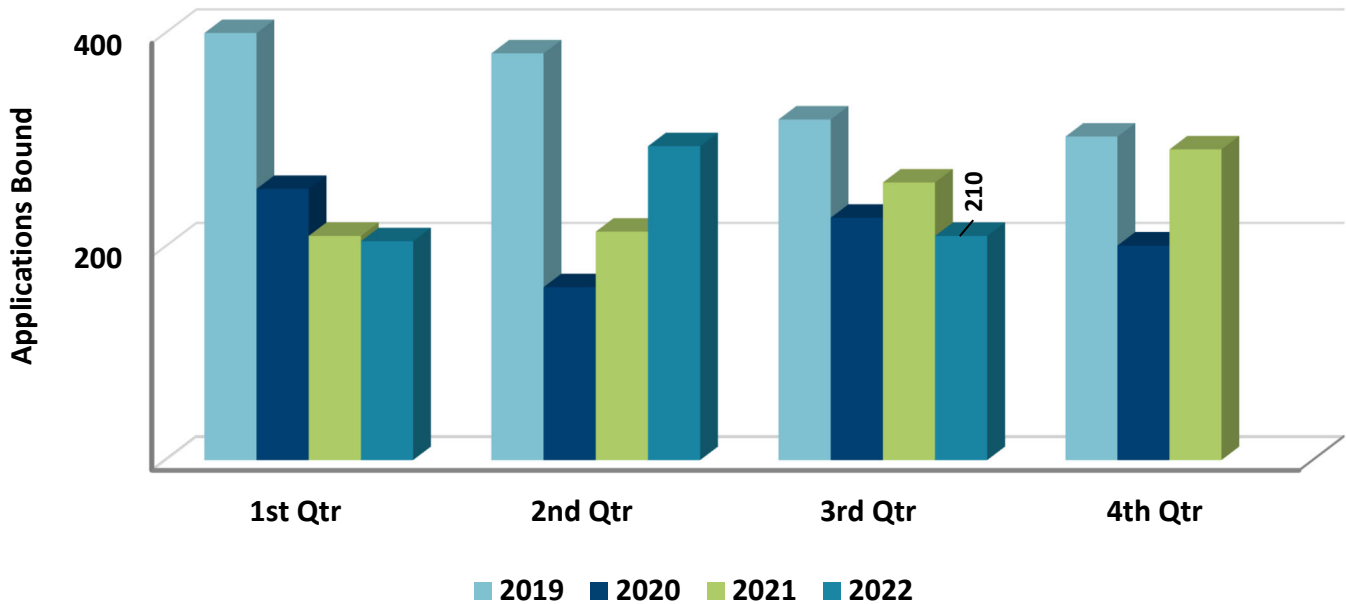
Number of Applications Reviewed by VCAP[®] Service	235
Number of VCAP[®] Service Matches	218
VCAP[®] Service Offers as a % of Matches	12.84%
Number of Confirmed VCAP[®] Service Policies	26
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	11.06%
Savings as a % of Redirected Assigned Risk Premium	8.25%



Residual Market Demographics

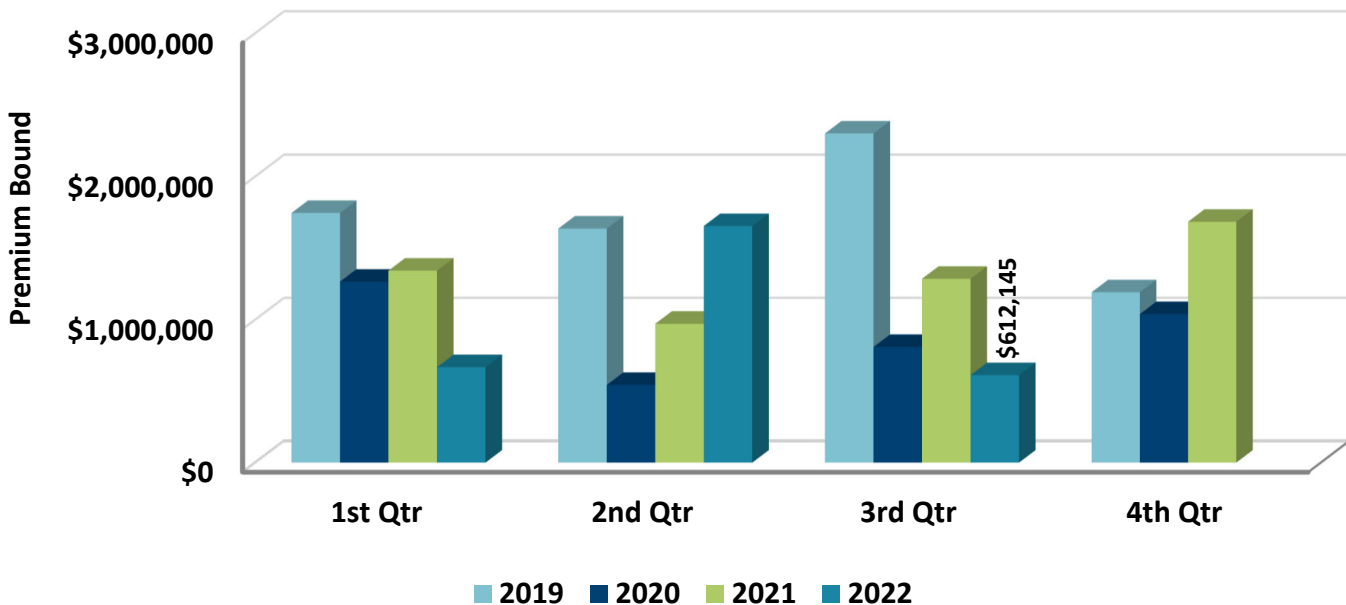
Total Applications Bound — 2019 vs. 2020 vs. 2021 vs. 2022

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).



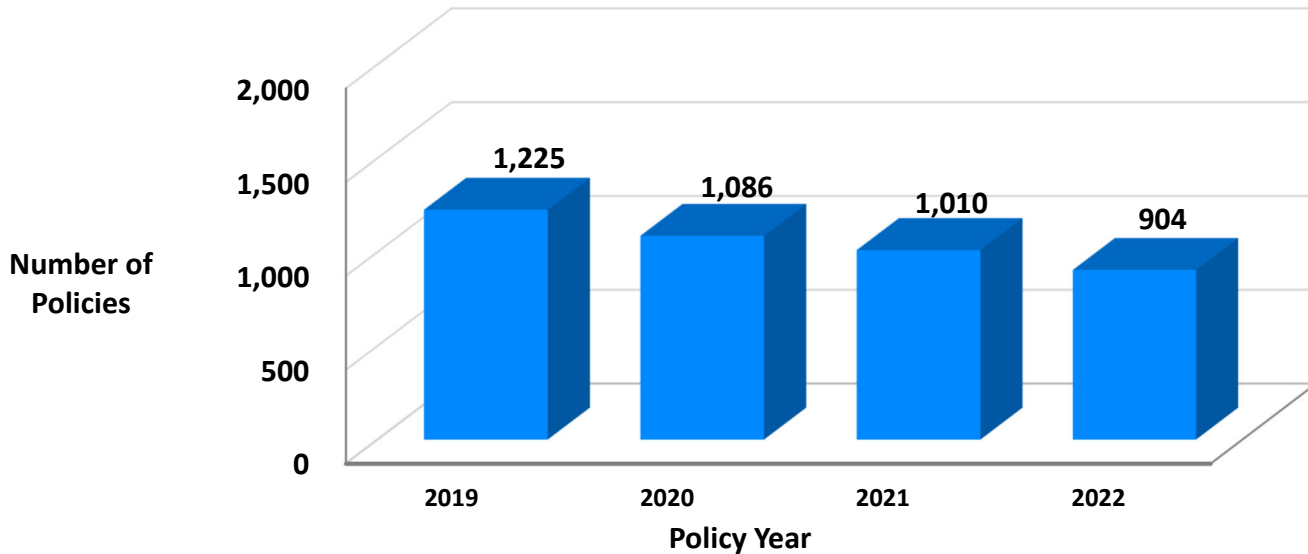


Residual Market Demographics

Residual Market Total Policy Counts

Third Quarter Data for Policies Reported through September 30, 2022

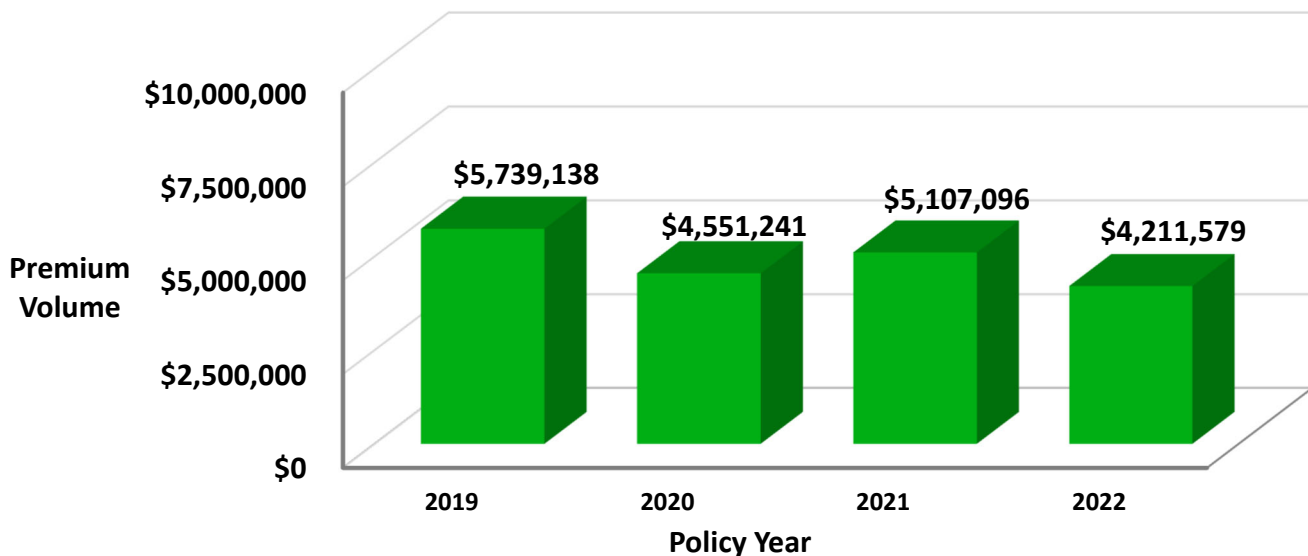
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Third Quarter Data Reported through September 30, 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

Third Quarter Data Reported through September 30, 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	570	63.1	649,087	15.4	1,139
\$2500- \$4999	150	16.6	519,821	12.3	3,465
\$5000- \$9999	91	10.1	635,041	15.1	6,978
\$10000- \$19999	61	6.7	836,803	19.9	13,718
\$20000- \$49999	22	2.4	678,138	16.1	30,824
\$50000- \$99999	7	0.8	452,350	10.7	64,621
\$100000- \$199999	3	0.3	440,339	10.5	146,780
\$2000000+	0	0.0	0	0.0	0
Total	904	100.0	4,211,579	100.0	4,659

Third Quarter 2021 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	623	61.7	665,356	13.0	1,068
\$2500- \$4999	174	17.2	617,996	12.1	3,552
\$5000- \$9999	106	10.5	758,117	14.8	7,152
\$10000- \$19999	67	6.6	937,294	18.4	13,989
\$20000- \$49999	29	2.9	876,657	17.2	30,230
\$50000- \$99999	7	0.7	521,359	10.2	74,480
\$100000- \$199999	3	0.3	409,475	8.0	136,492
\$2000000+	1	0.1	320,842	6.3	320,842
Total	1,010	100.0	5,107,096	100.0	5,057



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Third Quarter Data Reported through September 30, 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	7219 - Trucking - NOC-All Employees & Drivers	57	6.3
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	50	5.5
3	8835 - Home, Public, and Traveling Healthcare - All Employees	35	3.9
4	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	26	2.9
5	8017 - Store: Retail NOC	23	2.5
6	8742 - Salespersons or Collectors - Outside	23	2.5
7	9063 - YMCA, YWCA, YMHA or YWHA, Institution-All Employees & Clerical	23	2.5
8	5474 - Painting NOC & Shop Operations, Drivers	20	2.2
9	5606 - Contractor - Project Manager, Construction Executive, Construction Manager, or Construction Superintendent	20	2.2
10	5551 - Roofing-All Kinds & Drivers	19	2.1

Residual Market Top 10 Classification Codes by Premium Volume Third Quarter Data Reported through September 30, 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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	343,237	8.1
2	9156 - Theater NOC - Players, Entertainers or Musicians	315,709	7.5
3	7219 - Trucking - NOC-All Employees & Drivers	274,850	6.5
4	9180 - Amusement Device Operation NOC Not Traveling & Drivers	224,294	5.3
5	5551 - Roofing-All Kinds & Drivers	193,676	4.6
6	9178 - Athletic Sports or Park: Noncontact Sports	140,871	3.3
7	8017 - Store: Retail NOC	136,958	3.3
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	120,556	2.9
9	7723 - Detective or Patrol Agency- Private & Drivers	90,411	2.1
10	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	89,274	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[®] 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.