



Nevada Residual Market State Activity Report

Annual 2021



Executive Summary

NCCI, as Pool and Plan Administrator of the Nevada Workers Compensation Insurance Plan, is pleased to provide the Annual 2021 *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.

Sally Laub, Plan Administration

561-893-1174

© Copyright 2022 National Council on Compensation Insurance, Inc. This material is owned by NCCI and is protected by copyright law. NCCI will seek all appropriate legal remedies for the unauthorized use, sale, reproduction, distribution, preparation of derivative works, transfer or assignment of this material, or any part thereof. NCCI makes no representation or warranty, express or implied, as to any matter whatsoever, including but not limited to the accuracy of any information, product, or service furnished hereunder. The recipient of this material is subject to any license agreement that governs the use of this information and subscribes to and utilizes the information “as is.”



Residual Market Demographics

Residual Market Total Policies and Premium in Force

As of December 31, 2021—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.

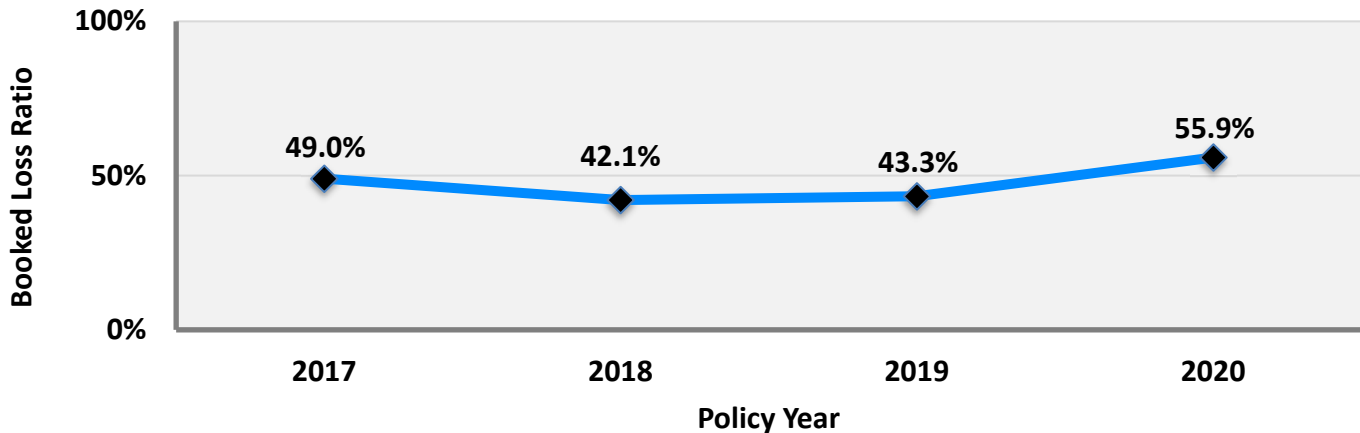
	2021	2020	2021 vs. 2020 #	2021 vs. 2020 %
Policy Count	3,435	3,672	-237	-6.5%
Premium Volume	\$18,951,509	\$19,235,302	-\$283,793	-1.5%



Residual Market Demographics

Nevada Residual Market Reinsurance Pool Booked Loss Ratio Policy Year Financial Results through 3rd Quarter 2021 for 2020 and prior years*

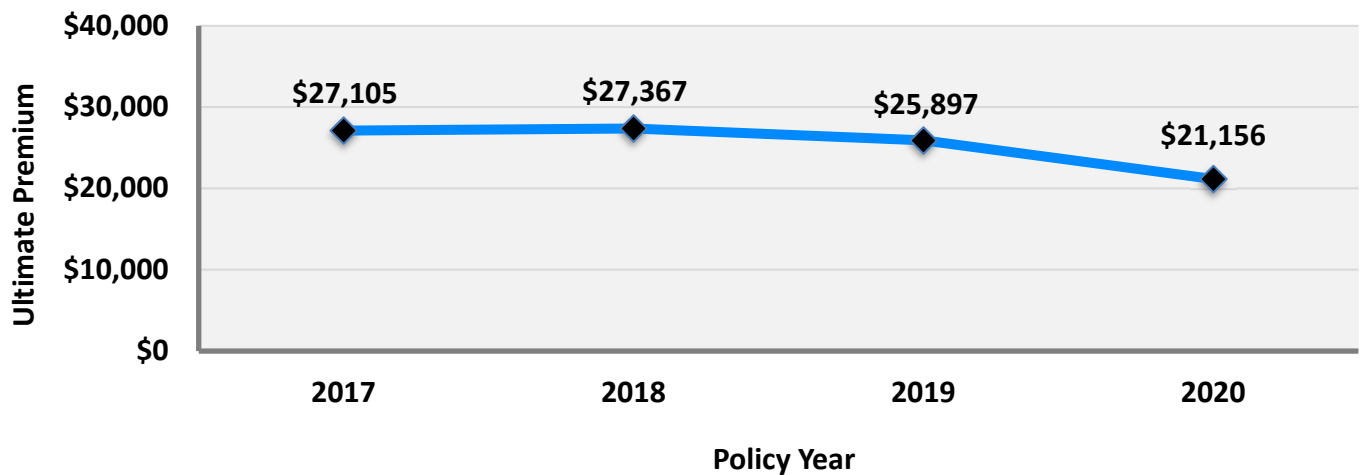
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 3rd Quarter 2021 for 2020 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.



*4th Quarter 2021 data will be available the end of April 2022 due to the timing of data reporting

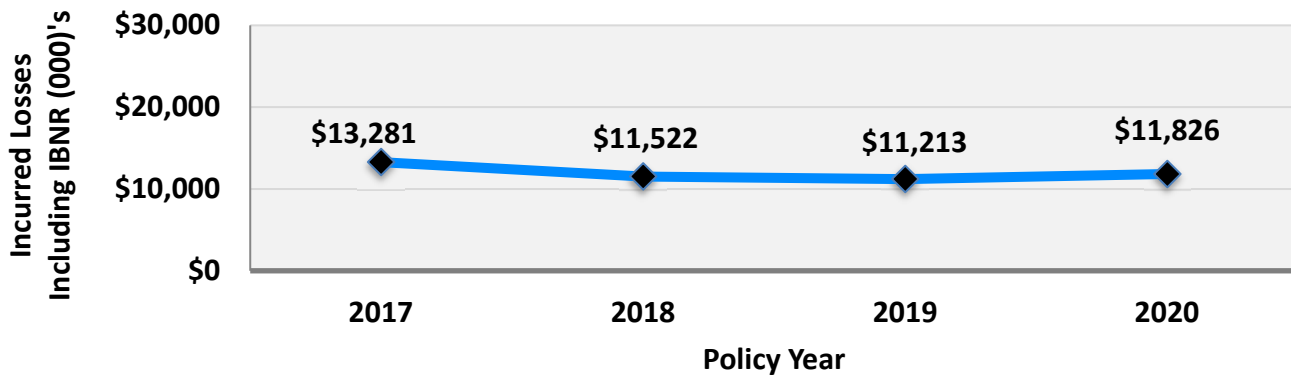


Residual Market Demographics

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

Policy Year Financial Results through 3rd Quarter 2021 for 2020 and prior years*

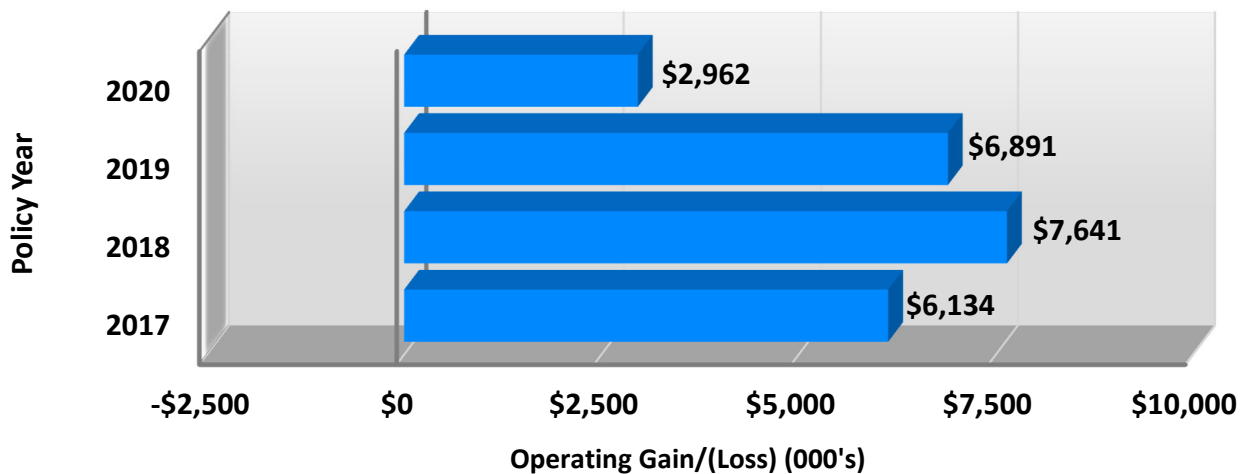
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 3rd Quarter 2021 for 2020 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 2021 data will be available the end of April 2022 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 2017-2021, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 3rd Quarter 2021.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2017	27,544,457	439,652	1.6%
2018	29,046,832	1,679,782	5.8%
2019	28,162,058	2,332,550	8.3%
2020	21,788,429	--	--
2021	12,409,065	--	--

* 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, 2021

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 Annual 2021.

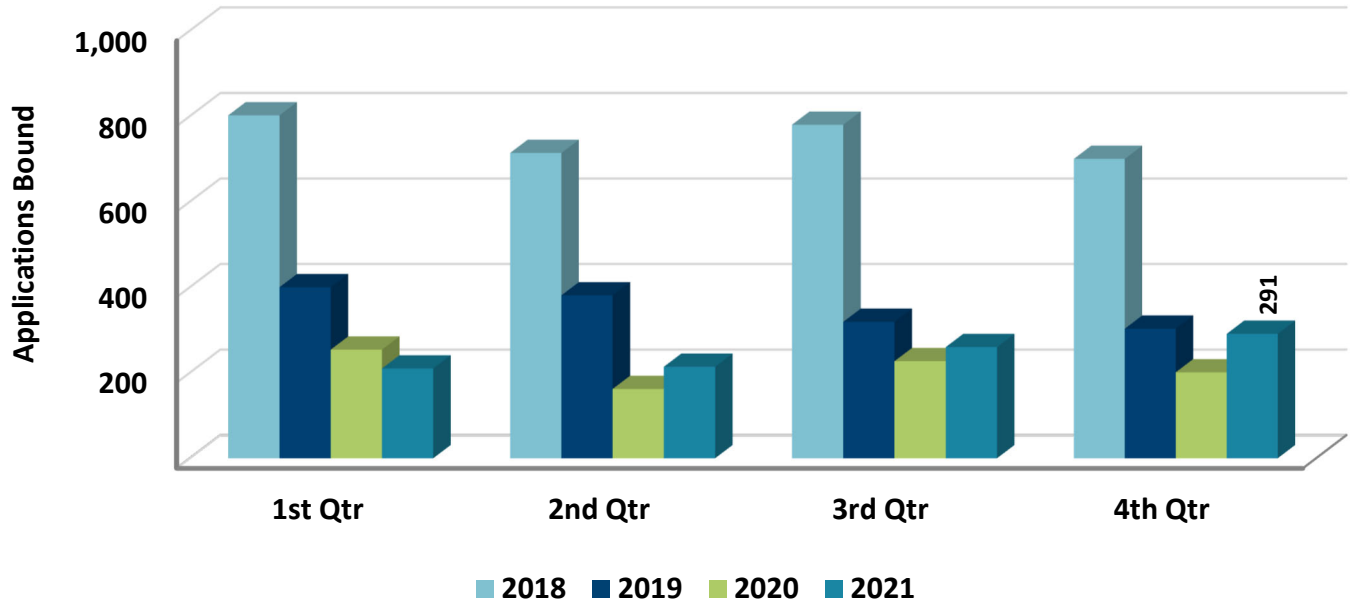
Number of Applications Reviewed by VCAP[®] Service	1,218
Number of VCAP[®] Service Matches	1,128
VCAP[®] Service Offers as a % of Matches	21.10%
Number of Confirmed VCAP[®] Service Policies	233
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	19.13%
Savings as a % of Redirected Assigned Risk Premium	4.19%



Residual Market Demographics

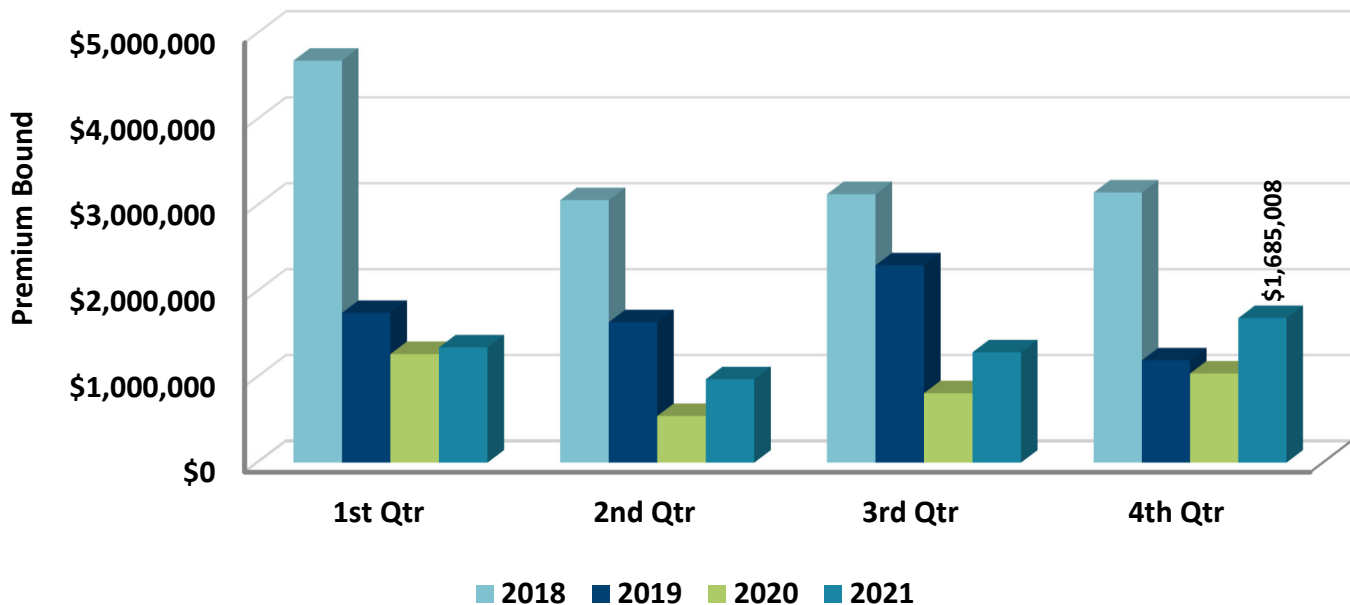
Total Applications Bound — 2018 vs. 2019 vs. 2020 vs. 2021

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 — 2018 vs. 2019 vs. 2020 vs. 2021

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).



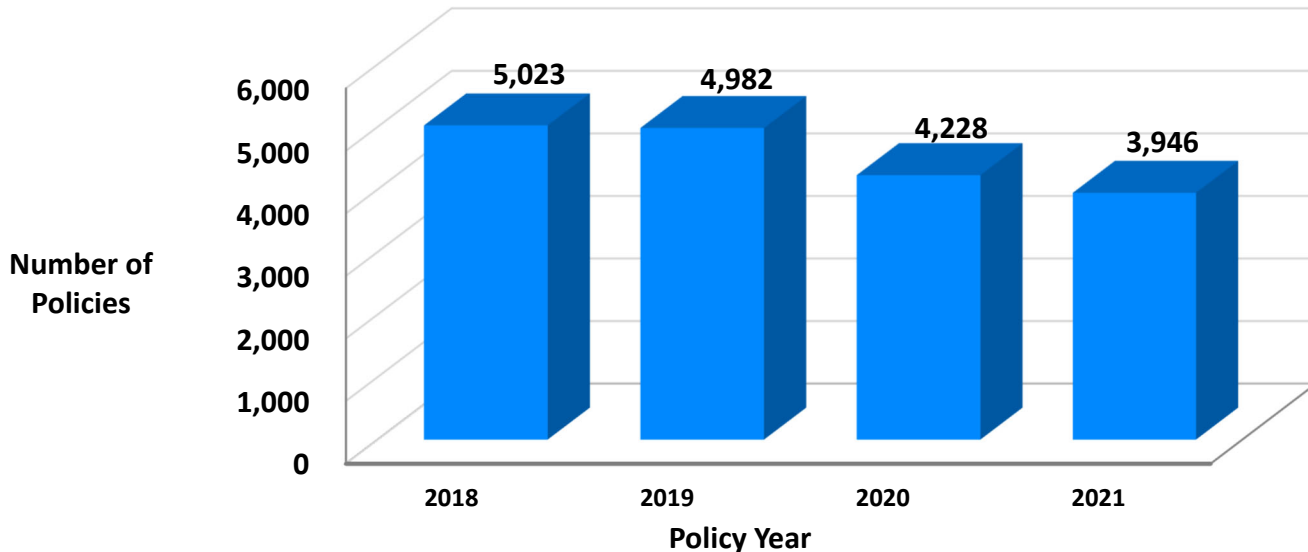


Residual Market Demographics

Residual Market Total Policy Counts

Annual Data for Policies Reported through December 31, 2021

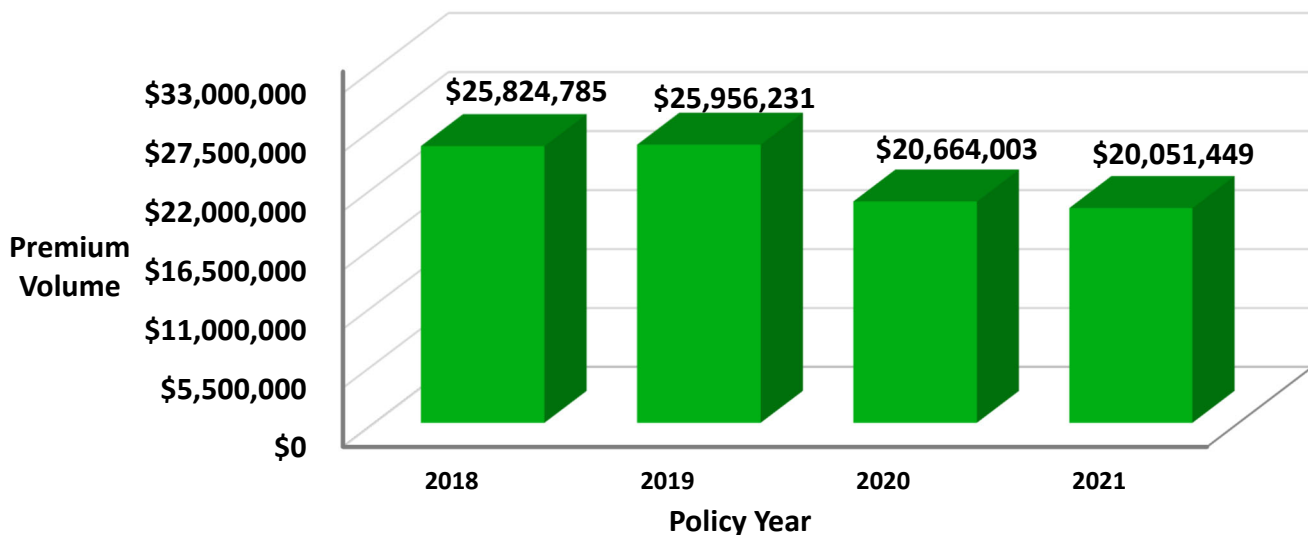
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Annual Data Reported through December 31, 2021

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, 2021

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	2,455	62.2	2,652,835	13.2	1,081
\$2500- \$4999	637	16.1	2,268,686	11.3	3,562
\$5000- \$9999	435	11.0	3,066,470	15.3	7,049
\$10000- \$19999	257	6.5	3,535,105	17.6	13,755
\$20000- \$49999	113	2.9	3,311,933	16.5	29,309
\$50000- \$99999	32	0.8	2,190,786	10.9	68,462
\$100000- \$199999	14	0.4	1,916,069	9.6	136,862
\$2000000+	3	0.1	1,109,565	5.5	369,855
Total	3,946	100.0	20,051,449	100.0	5,081

Annual 2020 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	2,678	63.3	2,872,801	13.9	1,073
\$2500- \$4999	653	15.4	2,317,762	11.2	3,549
\$5000- \$9999	469	11.1	3,302,082	16.0	7,041
\$10000- \$19999	271	6.4	3,713,688	18.0	13,704
\$20000- \$49999	121	2.9	3,511,606	17.0	29,022
\$50000- \$99999	18	0.4	1,264,994	6.1	70,277
\$100000- \$199999	14	0.3	1,968,384	9.5	140,599
\$2000000+	4	0.1	1,712,686	8.3	428,172
Total	4,228	100.0	20,664,003	100.0	4,887



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Annual Data Reported through December 31, 2021

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	266	6.7
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	238	6.0
3	8835 - Home, Public, And Traveling Healthcare - All Employees	147	3.7
4	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	123	3.1
5	8810 - Clerical Office Employees NOC	121	3.1
6	5606 - Contractor - Project Manager, Construction Executive, Construction Manager, or Construction Superintendent	107	2.7
7	5551 - Roofing-All Kinds & Drivers	90	2.3
8	8017 - Store: Retail NOC	88	2.2
9	9063 - YMCA, YWCA, YMHA or YWHA, Institution-All Employees & Clerical	85	2.2
10	5474 - Painting NOC & Shop Operations, Drivers	76	1.9

Residual Market Top 10 Classification Codes by Premium Volume Annual Data Reported through December 31, 2021

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	1,404,629	7.0
2	7219 - Trucking - NOC-All Employees & Drivers	1,100,415	5.5
3	5551 - Roofing-All Kinds & Drivers	845,104	4.2
4	9156 - Theater NOC - Players, Entertainers or Musicians	731,843	3.6
5	8835 - Home, Public, And Traveling Healthcare - All Employees	531,056	2.6
6	7723 - Detective or Patrol Agency- Private & Drivers	484,435	2.4
7	8017 - Store: Retail NOC	483,847	2.4
8	9180 - Amusement Device Operation NOC Not Traveling & Drivers	474,791	2.4
9	5403 - Carpentry NOC	465,312	2.3
10	9178 - Athletic Sports or Park: Noncontact Sports	448,824	2.2



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.