



# Nevada Residual Market State Activity Report

Annual 2023



## Executive Summary

NCCI, as Pool and Plan Administrator of the Nevada Workers Compensation Insurance Plan, is pleased to provide the Annual 2023 *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 December 31, 2023—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.

	2023	2022	2023 vs. 2022 #	2023 vs. 2022 %
<b>Policy Count</b>	3,133	3,260	-127	-3.9%
<b>Premium Volume</b>	\$15,644,961	\$16,957,866	-\$1,312,905	-7.7%

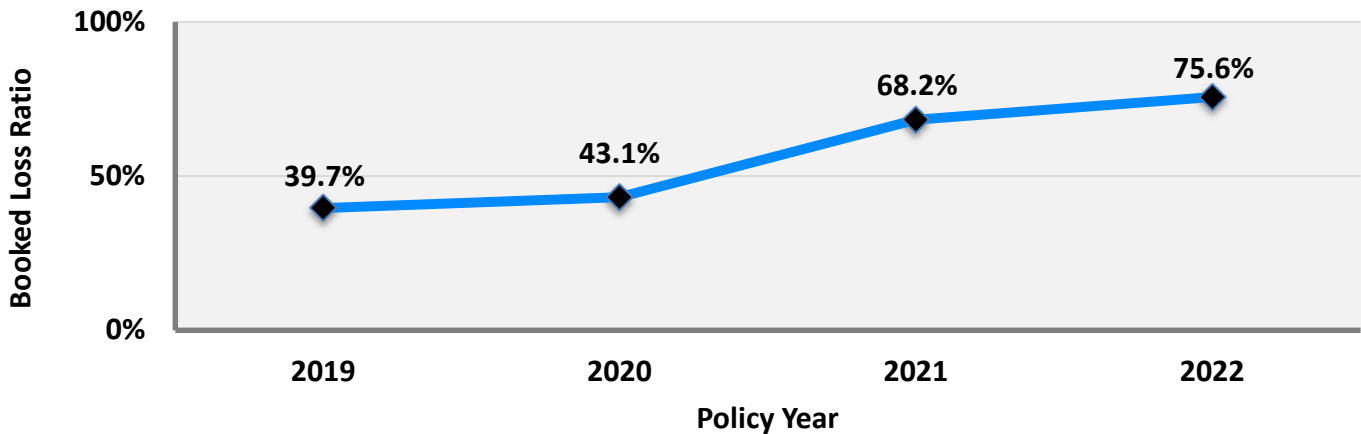


## Residual Market Demographics

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

#### Policy Year Financial Results through 3rd Quarter 2023 for 2022 and prior years\*

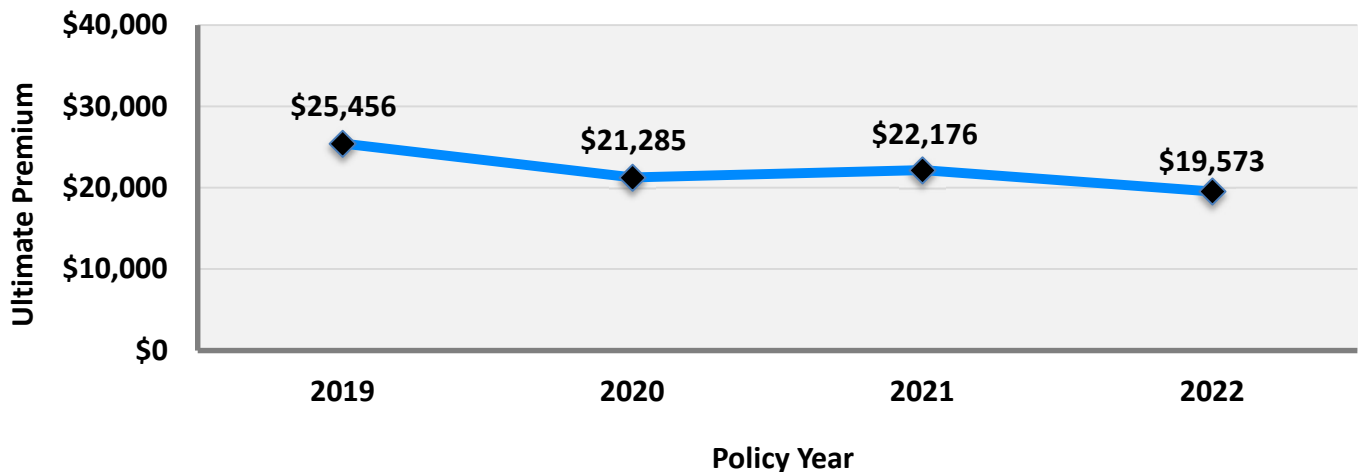
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 3rd Quarter 2023 for 2022 and prior years\*

The premium charged by an insurance company for coverage provided by an insurance contract for the policy period in this state.



\*4th Quarter 2023 data will be available the end of April 2024 due to the timing of data reporting

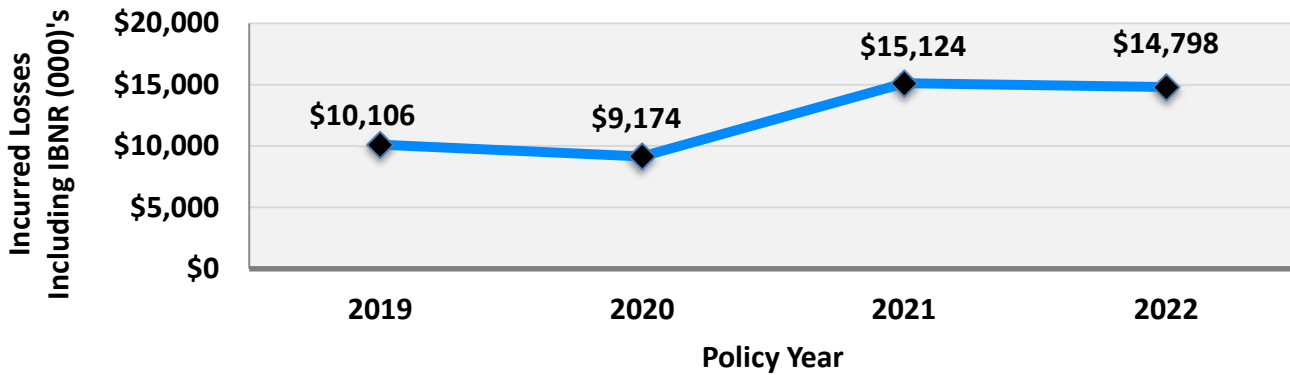


## Residual Market Demographics

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

#### Policy Year Financial Results through 3rd Quarter 2023 for 2022 and prior years\*

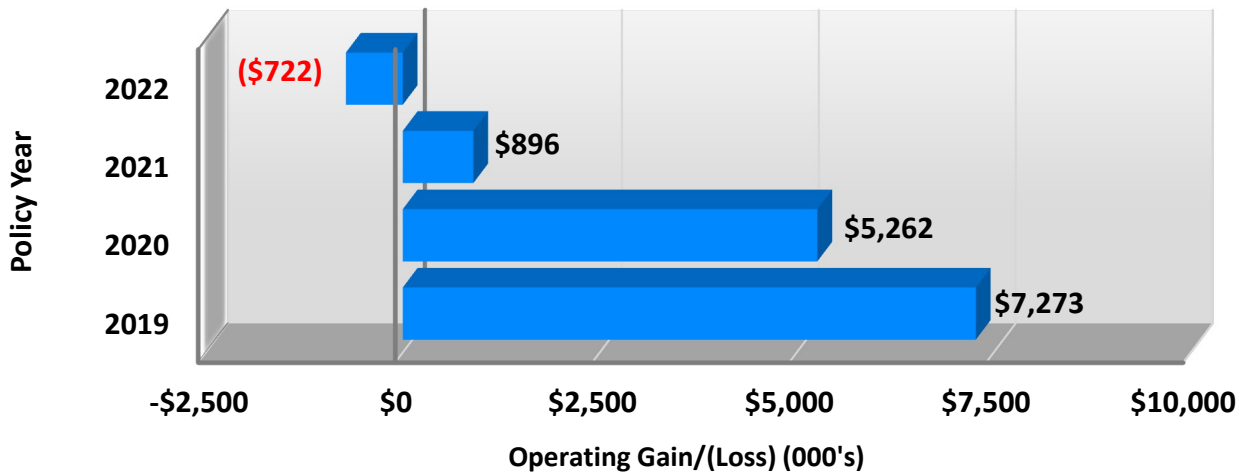
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



### 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 2023 for 2022 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 2023 data will be available the end of April 2024 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 2019-2023, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 3rd Quarter 2023.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2019	27,719,590	2,263,433	8.2%
2020	22,197,551	913,006	4.1%
2021	22,630,259	535,864	2.4%
2022	19,514,723	--	--
2023	10,392,794	--	--

\* 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, 2023

The volume of assigned risk applications redirected to the voluntary market through NCCI's **VCAP<sup>®</sup> Service**. The following shows the results **VCAP<sup>®</sup> Service** has provided during Annual 2023.

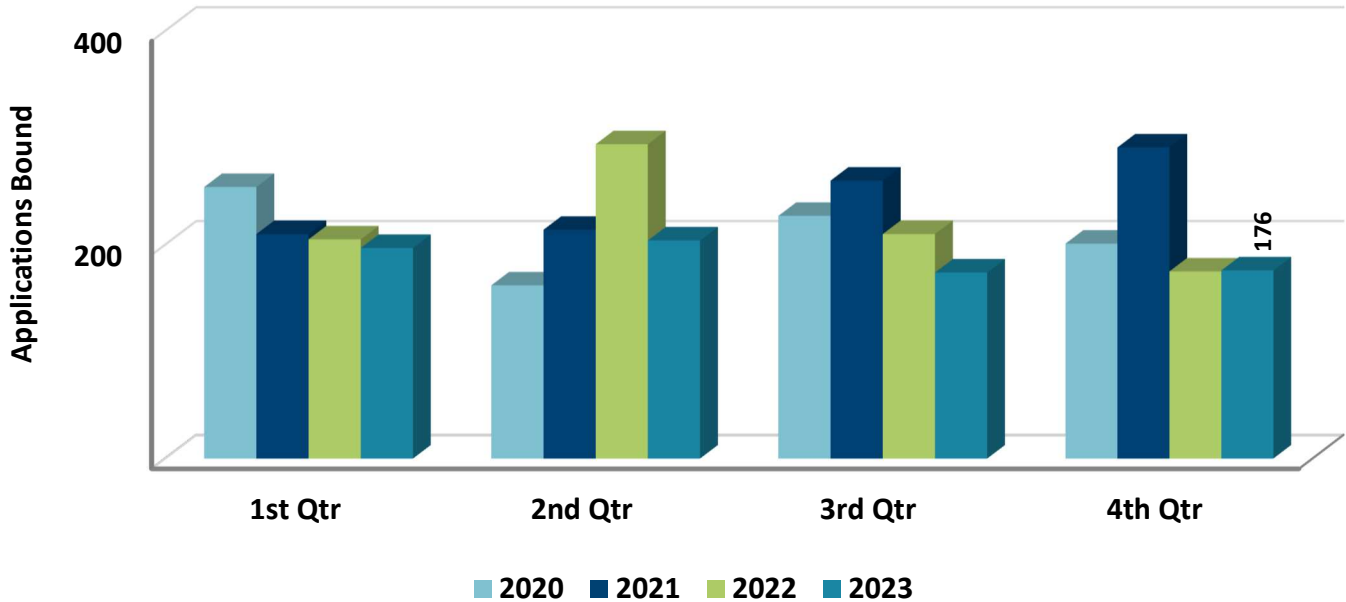
Number of Applications Reviewed by <b>VCAP<sup>®</sup> Service</b>	916
Number of <b>VCAP<sup>®</sup> Service</b> Matches	858
<b>VCAP<sup>®</sup> Service</b> Offers as a % of Matches	19.00%
Number of Confirmed <b>VCAP<sup>®</sup> Service</b> Policies	160
Confirmed <b>VCAP<sup>®</sup> Service</b> Policies as a % of Applications Reviewed	17.47%
Savings as a % of Redirected Assigned Risk Premium	3.58%



## Residual Market Demographics

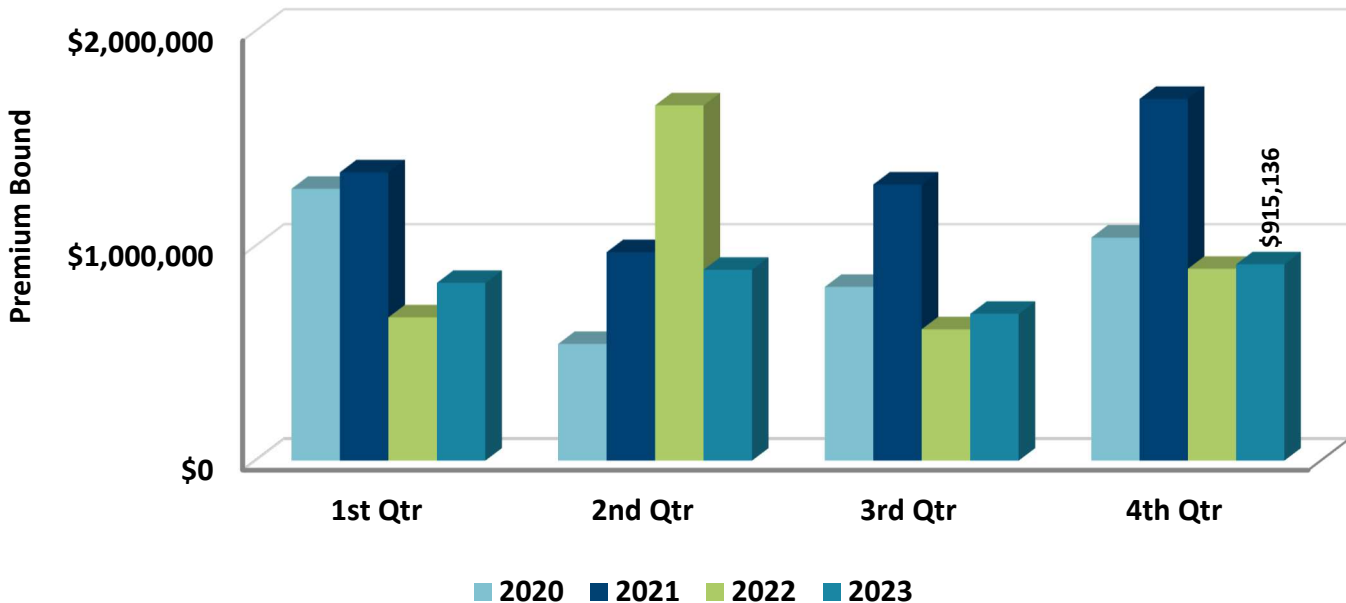
### Total Applications Bound — 2020 vs. 2021 vs. 2022 vs. 2023

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 — 2020 vs. 2021 vs. 2022 vs. 2023

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).





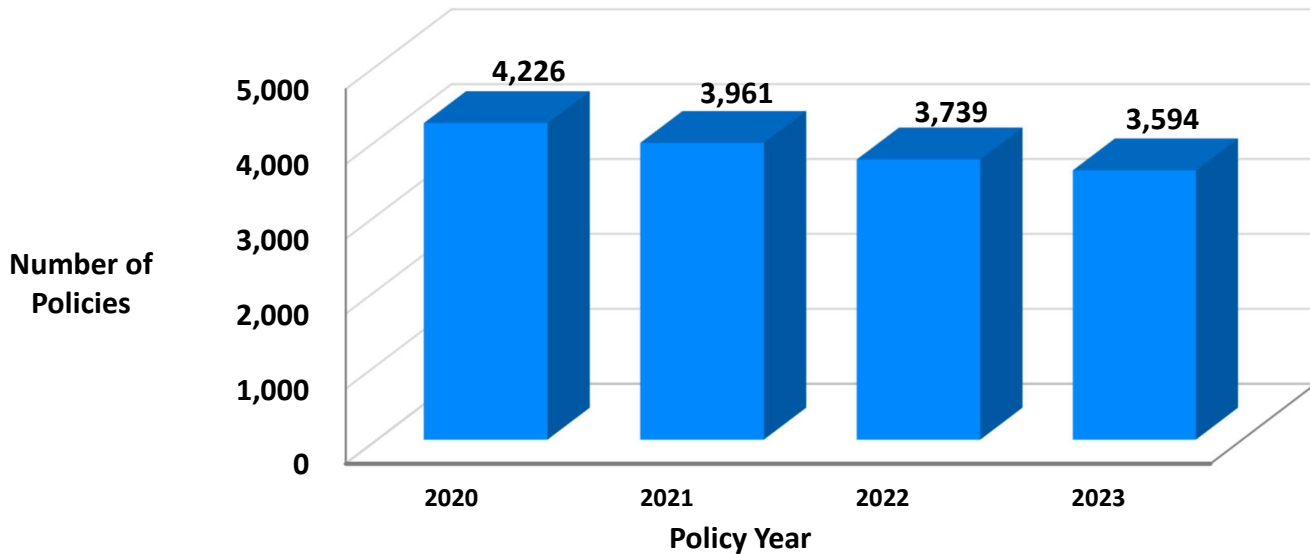


## Residual Market Demographics

### Residual Market Total Policy Counts

#### Annual Data for Policies Reported through December 31, 2023

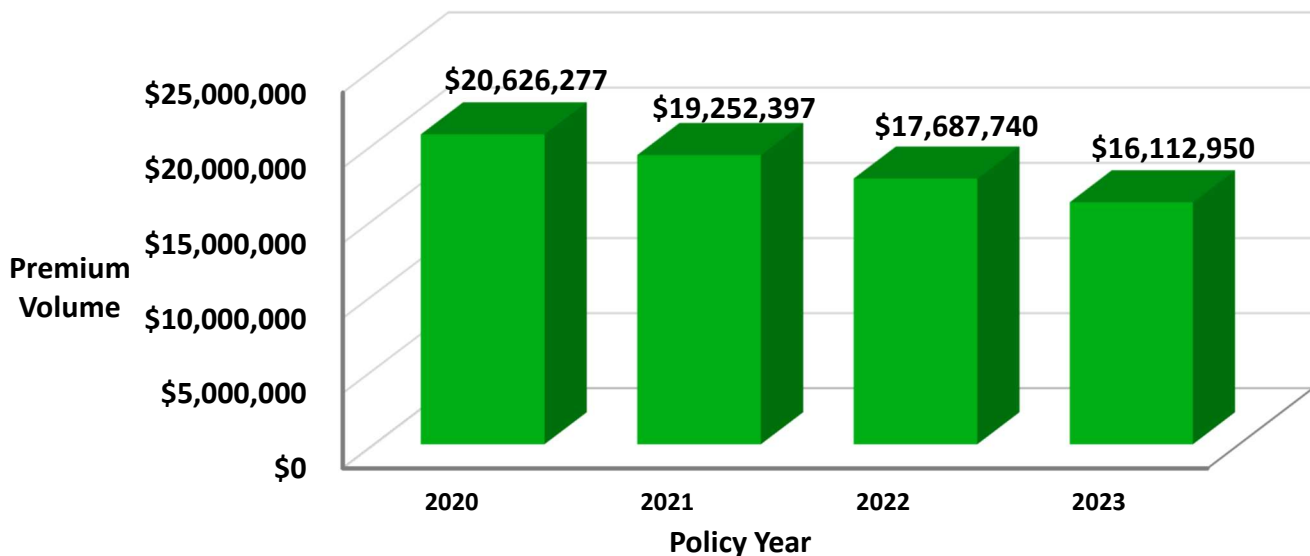
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Annual Data Reported through December 31, 2023

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, 2023

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	2,373	66.0	2,490,019	15.5	1,049
\$2500- \$4999	518	14.4	1,814,873	11.3	3,504
\$5000- \$9999	364	10.1	2,569,852	15.9	7,060
\$10000- \$19999	215	6.0	2,968,140	18.4	13,805
\$20000- \$49999	80	2.2	2,433,319	15.1	30,416
\$50000- \$99999	36	1.0	2,508,056	15.6	69,668
\$100000- \$199999	7	0.2	915,111	5.7	130,730
\$2000000+	1	0.0	413,580	2.6	413,580
Total	3,594	100.0	16,112,950	100.0	4,483

### Annual 2022 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	2,459	65.8	2,591,981	14.7	1,054
\$2500- \$4999	553	14.8	1,946,250	11.0	3,519
\$5000- \$9999	371	9.9	2,618,624	14.8	7,058
\$10000- \$19999	223	6.0	3,067,462	17.3	13,755
\$20000- \$49999	91	2.4	2,706,745	15.3	29,744
\$50000- \$99999	27	0.7	1,840,084	10.4	68,151
\$100000- \$199999	10	0.3	1,233,479	7.0	123,348
\$2000000+	5	0.1	1,683,115	9.5	336,623
Total	3,739	100.0	17,687,740	100.0	4,731



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count Annual Data Reported through December 31, 2023

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	218	6.1
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	205	5.7
3	5606 - Contractor - Project Manager, Construction Executive, Construction Manager, or Construction Superintendent	118	3.3
4	8835 - Home, Public, and Traveling Healthcare - All Employees	107	3.0
5	5551 - Roofing-All Kinds & Drivers	101	2.8
6	8810 - Clerical Office Employees NOC	98	2.7
7	9063 - YMCA, YWCA, YMHA or YWHA, Institution-All Employees & Clerical	94	2.6
8	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	91	2.5
9	5474 - Painting NOC & Shop Operations, Drivers	71	2.0
10	8742 - Salespersons or Collectors - Outside	71	2.0

### Residual Market Top 10 Classification Codes by Premium Volume Annual Data Reported through December 31, 2023

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	9156 - Theater NOC - Players, Entertainers or Musicians	1,015,590	6.3
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	932,281	5.8
3	5551 - Roofing-All Kinds & Drivers	681,718	4.2
4	7219 - Trucking - NOC-All Employees & Drivers	678,656	4.2
5	9154 - Theater NOC - All Other Employees	595,995	3.7
6	7723 - Detective or Patrol Agency- Private & Drivers	482,357	3.0
7	8017 - Store: Retail NOC	415,434	2.6
8	9180 - Amusement Device Operation NOC Not Traveling & Drivers	414,199	2.6
9	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	377,778	2.3
10	7720 - Police Officers & Drivers	327,410	2.0



## 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<sup>®</sup> 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<sup>®</sup> Service** redirects coverage opportunities for employers to voluntary market insurers, which generally provide coverage at a lower cost. **VCAP<sup>®</sup> Service** provides an additional source for producers and employers to secure voluntary workers compensation coverage prior to entering the residual market for coverage.