

# Oregon Residual Market State Activity Report

First Quarter 2021



## Executive Summary

NCCI, as Pool and Plan Administrator of the Oregon Workers Compensation Insurance Plan, is pleased to provide the First Quarter 2021 *Oregon 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 Oregon 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 March 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.

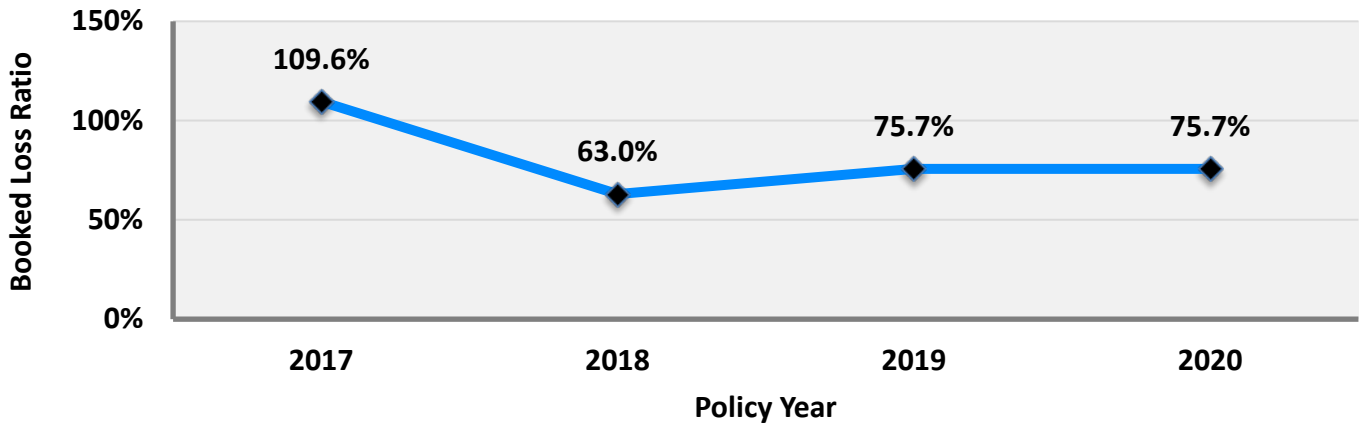
	2021	2020	2021 vs. 2020 #	2021 vs. 2020 %
<b>Policy Count</b>	5,386	6,107	-721	-11.8%
<b>Premium Volume</b>	\$20,955,980	\$25,420,519	-\$4,464,539	-17.6%



## Residual Market Demographics

### Oregon Residual Market Reinsurance Pool Booked Loss Ratio Policy Year Financial Results through 4th Quarter 2020 for 2020 and prior years\*

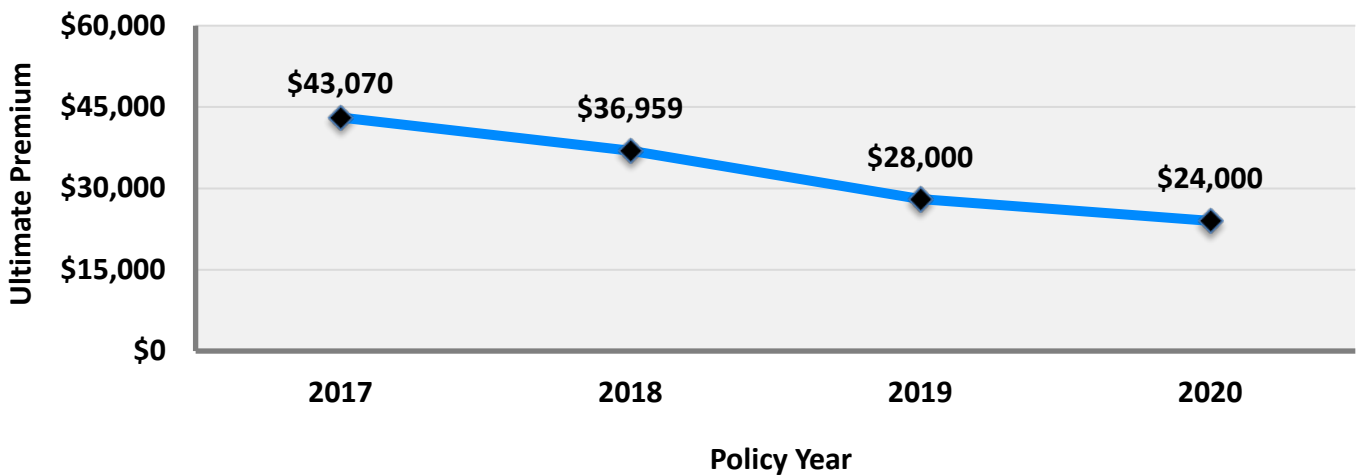
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 4th Quarter 2020 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.



\*1st Quarter 2021 data will be available the end of July 2021 due to the timing of data reporting

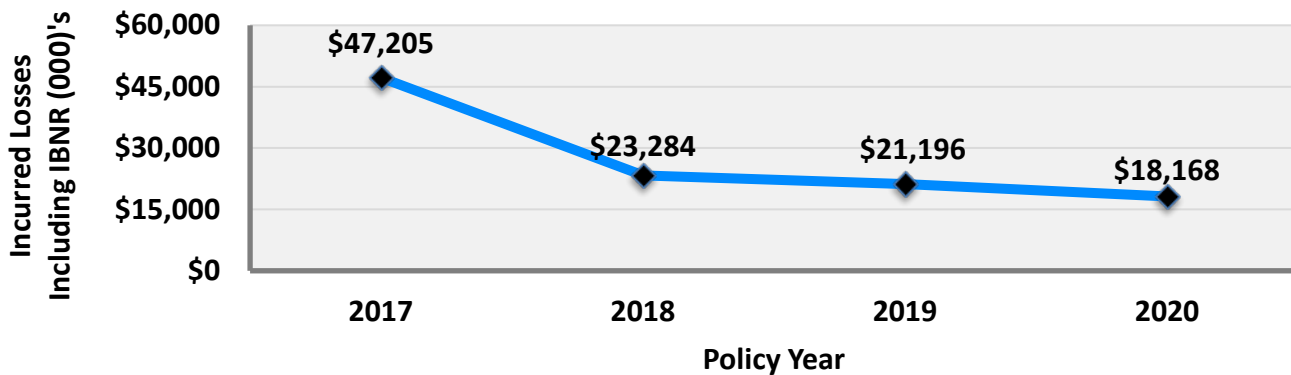


## Residual Market Demographics

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

#### Policy Year Financial Results through 4th Quarter 2020 for 2020 and prior years\*

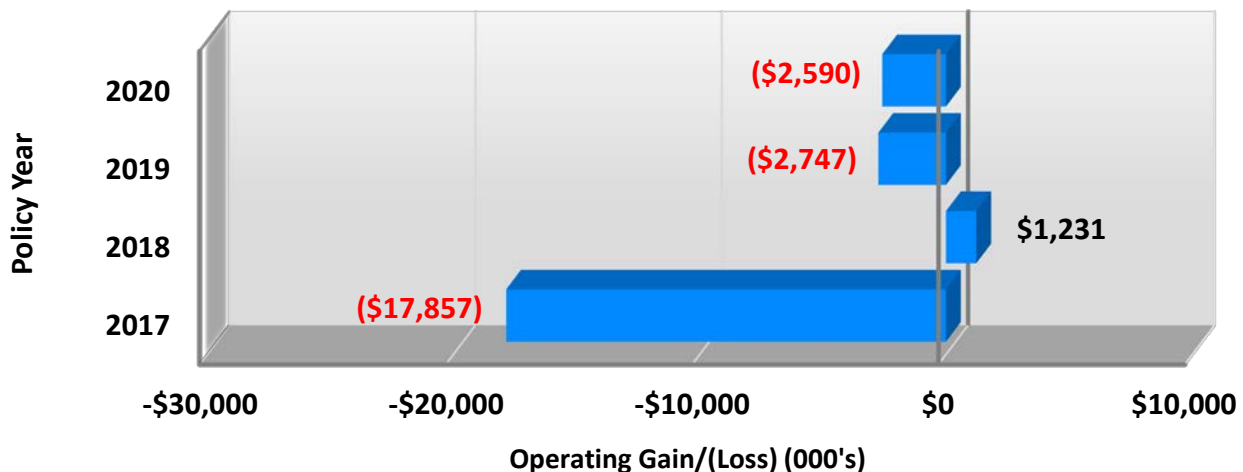
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

#### Policy Year Financial Results through 4th Quarter 2020 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.



\*1st Quarter 2021 data will be available the end of July 2021 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 Oregon for Policy Years 2016-2020, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 4th Quarter 2020.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2016	43,595,912	995,617	2.3%
2017	43,960,368	889,999	2.0%
2018	38,012,918	1,053,849	2.8%
2019	28,233,341	*	N/A
2020	19,040,836	*	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, 2021

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 First Quarter 2021.

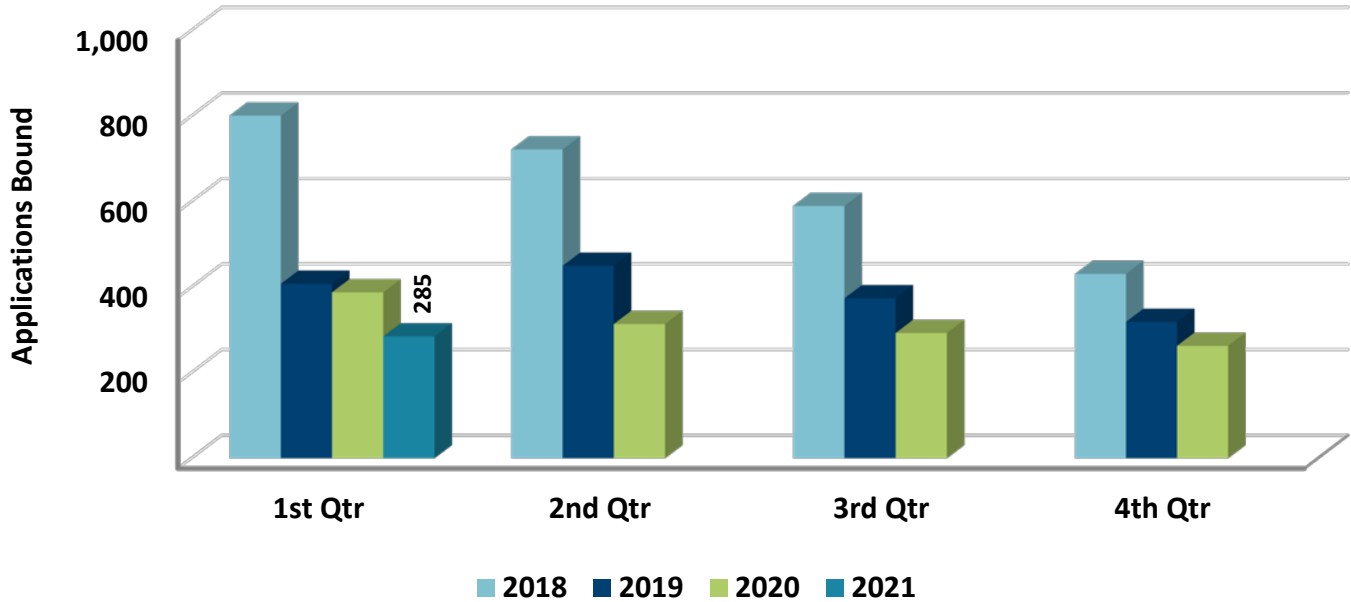
Number of Applications Reviewed by <b>VCAP<sup>®</sup> Service</b>	406
Number of <b>VCAP<sup>®</sup> Service</b> Matches	344
<b>VCAP<sup>®</sup> Service</b> Offers as a % of Matches	36.05%
Number of Confirmed <b>VCAP<sup>®</sup> Service</b> Policies	115
Confirmed <b>VCAP<sup>®</sup> Service</b> Policies as a % of Applications Reviewed	28.33%
Savings as a % of Redirected Assigned Risk Premium	18.46%



## Residual Market Demographics

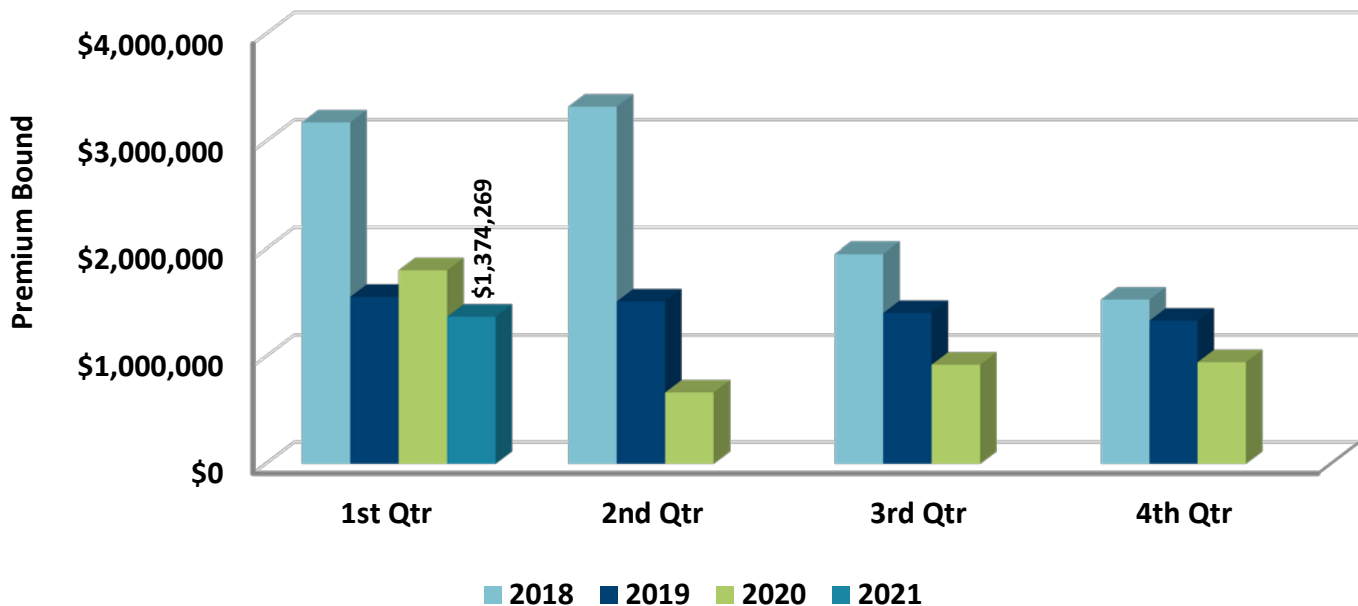
### Total Applications Bound — 2018 vs. 2019 vs. 2020 vs. 2021

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).





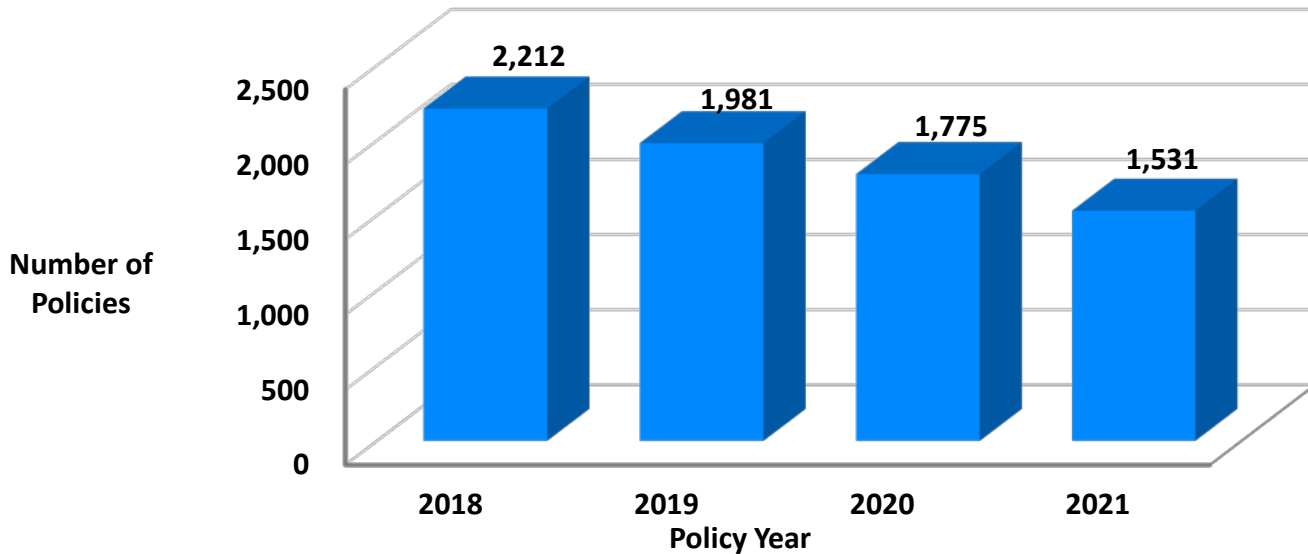


## Residual Market Demographics

### Residual Market Total Policy Counts

#### First Quarter Data for Policies Reported through March 31, 2021

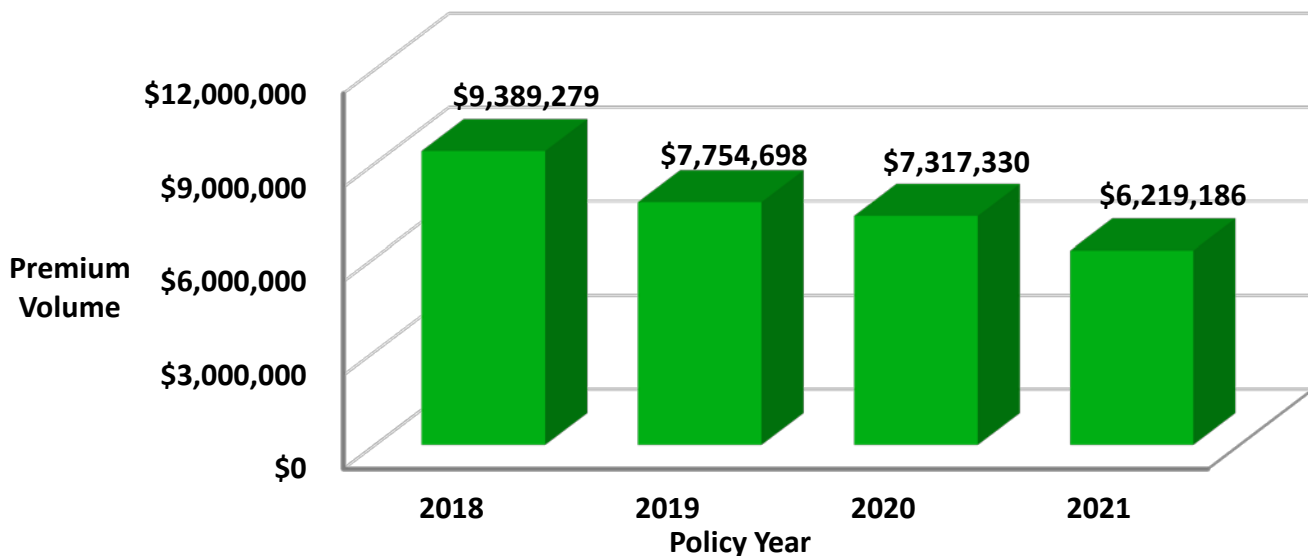
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### First Quarter Data Reported through March 31, 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

#### First Quarter Data Reported through March 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	1,124	73.4	847,356	13.6	754
\$2500–4999	166	10.8	598,027	9.6	3,603
\$5000–9999	110	7.2	780,410	12.5	7,095
\$10000–19999	74	4.8	1,090,640	17.5	14,738
\$20000–49999	35	2.3	1,096,013	17.6	31,315
\$50000–99999	18	1.2	1,212,289	19.5	67,349
\$100000–199999	4	0.3	594,451	9.6	148,613
\$200000 +	0	0.0	0	0.0	0
Total	1,531	100.0	6,219,186	100.0	4,062

### First Quarter 2020 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0–2499	1,310	73.8	911,616	12.5	696
\$2500–4999	200	11.3	732,832	10.0	3,664
\$5000–9999	119	6.7	838,278	11.5	7,044
\$10000–19999	72	4.1	1,017,868	13.9	14,137
\$20000–49999	44	2.5	1,394,060	19.1	31,683
\$50000–99999	24	1.4	1,604,453	21.9	66,852
\$100000–199999	6	0.3	818,223	11.2	136,371
\$200000 +	0	0.0	0	0.0	0
Total	1,775	100.0	7,317,330	100.0	4,122



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count First Quarter Data Reported through March 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	2702 - Logging or Tree Removal – Non-Mechanized Operations	103	6.7
2	8810 - Clerical Office Employees NOC	82	5.4
3	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	76	5.0
4	5551 - Roofing-All Kinds & Drivers	63	4.1
5	8868 - College - Professional Employees & Clerical	47	3.1
6	9079 - Restaurant NOC	43	2.8
7	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	40	2.6
8	7219 - Trucking - NOC-All Employees & Drivers	37	2.4
9	8742 - Salespersons or Collectors - Outside	35	2.3
10	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	34	2.2

### Residual Market Top 10 Classification Codes by Premium Volume First Quarter Data Reported through March 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	5551 - Roofing-All Kinds & Drivers	610,469	9.8
2	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	312,183	5.0
3	7720 - Police Officers & Drivers	283,563	4.6
4	7219 - Trucking - NOC-All Employees & Drivers	270,491	4.3
5	0035 - Farm: Florist & Drivers	246,857	4.0
6	5403 - Carpentry NOC	219,679	3.5
7	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	207,030	3.3
8	7231 - Mail, Parcel or Package Delivery and Courier or Messenger Service Companies - All Employees & Drivers	197,849	3.2
9	0037 - Farm: Field Crops & Drivers	184,378	3.0
10	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	182,350	2.9



## 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.