



Tennessee Residual Market State Activity Report

Annual 2025



Tennessee Residual Market State Activity Report

Annual 2025

Executive Summary

NCCI, as Pool and Plan Administrator of the Tennessee Workers Compensation Insurance Plan, is pleased to provide the Annual 2025 *Tennessee Residual Market State Activity Report*.

Residual Market demographics contained in this report include:

Table of Contents

Residual Market Demographics.....	1
Residual Market Total Policies and Premium In Force	1
Tennessee Residual Market Share Compared to All Plan Jurisdictions Market Share	2
Tennessee Residual Market Reinsurance Pool	3
Booked Loss Ratio (Projected to Ultimate)	3
Ultimate Net Written Premium (Projected to Ultimate) (000's).....	3
Tennessee Residual Market Reinsurance Pool Net Operating Results	4
Incurred Losses (Projected to Ultimate).....	4
Estimated Net Operating Gain/(Loss) (000's) (Projected to Ultimate)	4
Collections/Indemnification	5
Voluntary Coverage Assistance Program	6
Total Applications Bound — 2022 vs. 2023 vs. 2024 vs. 2025	7
Total Application Premium Bound — 2022 vs. 2023 vs. 2024 vs. 2025	7
Residual Market Total Policy Counts.....	8
Residual Market Total Premium Volume	8
Premium Size Profiles.....	9
Hazard Group Distribution	10
Residual Market Top 10 Classification Codes by Policy Count	11
Residual Market Top 10 Classification Codes by Premium Volume	11
Glossary of Terms	12

If you have any questions or comments about this report, please feel free to contact Sean Cordell, Plan Administration, sean_cordell@ncci.com or 561-893-3171.



Residual Market Demographics

Residual Market Total Policies and Premium **In Force**

As of December 31, 2025—compared to prior year

Total number of Assigned Risk Plan policies and prorated estimated premium volume in force reported as of the date listed above. This excludes policies that have been cancelled or expired prior to the date listed above.

The other exhibits in this report describe quarterly and year-to-date data, including policies that cancelled or expired during the timeframe.

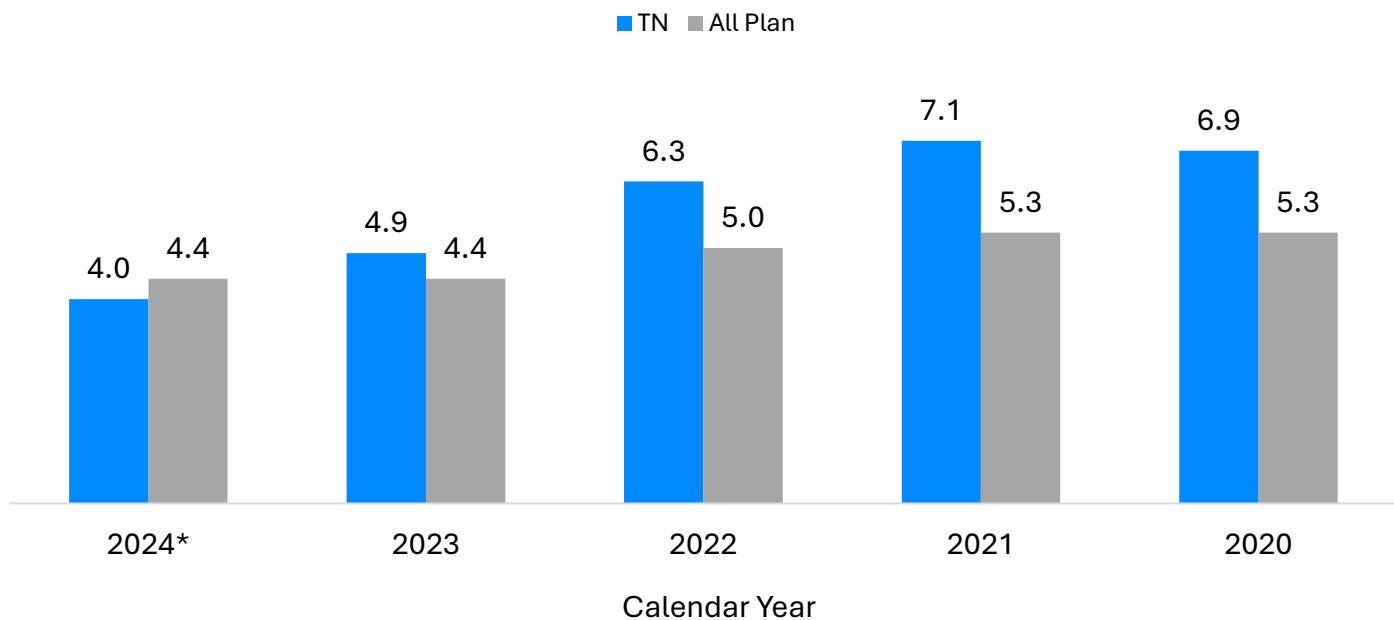
	2025	2024	2025 vs. 2024 #	2025 vs. 2024 %
Policy Count	5,090	5,312	-222	-4.2%
Premium Volume	\$27,141,225	\$25,981,978	\$1,159,247	4.5%

Residual Market Demographics

Tennessee Residual Market Share Compared to All Plan Jurisdictions Market Share

Calendar Years 2024 - 2020

Plan Premium as a Percentage of Direct Written Premium



*Preliminary

Note: The Residual Market Share is based on residual market written premium as a percentage of total direct written premium on a calendar year basis, from financial data reported to NCCI.

Due to the nature of calendar year data, this chart provides a full year of data and is updated only once a year with the second quarter report.

This Residual Market Share is published in the **Residual Market Management Summary** within *Exhibit P* for NCCI Plan and Pool Administered states. "All Plan" jurisdictions in this chart represent the subtotal market shares for NCCI Plan-administered states within *Exhibit P*.

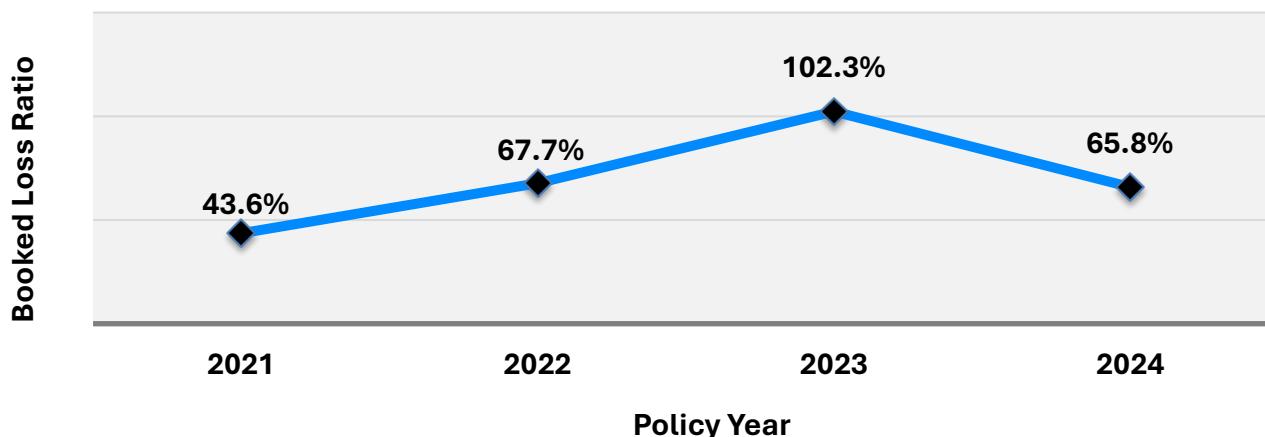
Residual Market Demographics

Tennessee Residual Market Reinsurance Pool

Policy Year Financial Results through 3rd Quarter 2025 for 2024 and prior years*

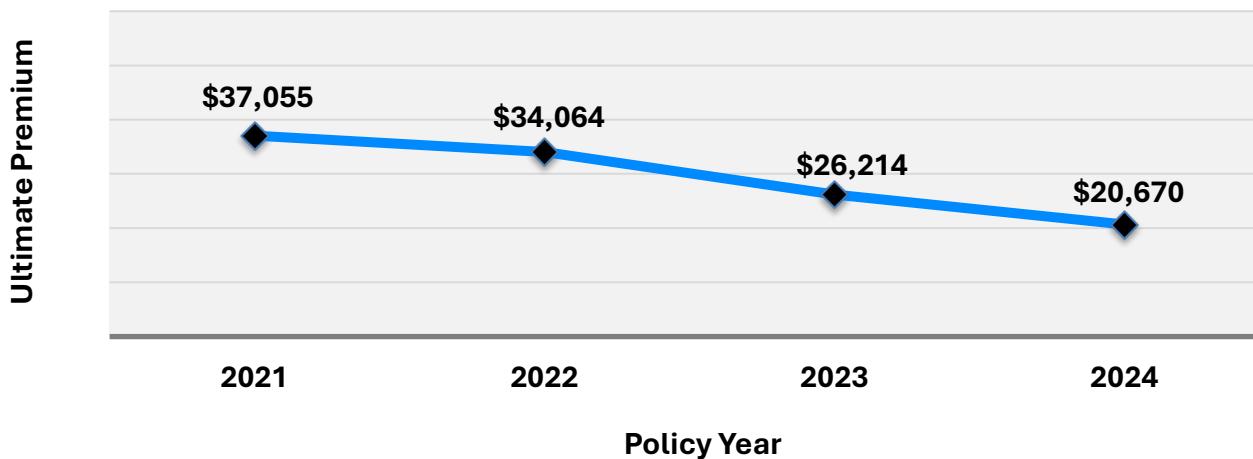
Booked Loss Ratio (Projected to Ultimate)

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.



Ultimate Net Written Premium (Projected to Ultimate) (000's)

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



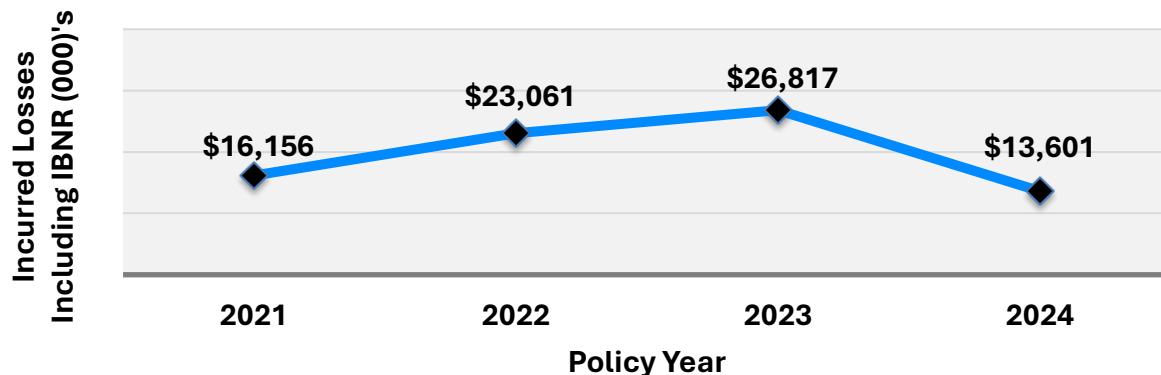
*4th Quarter 2025 data will be available the end of April 2026 due to the timing of data reporting

Residual Market Demographics

Tennessee Residual Market Reinsurance Pool Net Operating Results Policy Year Financial Results through 3rd Quarter 2025 for 2024 and prior years*

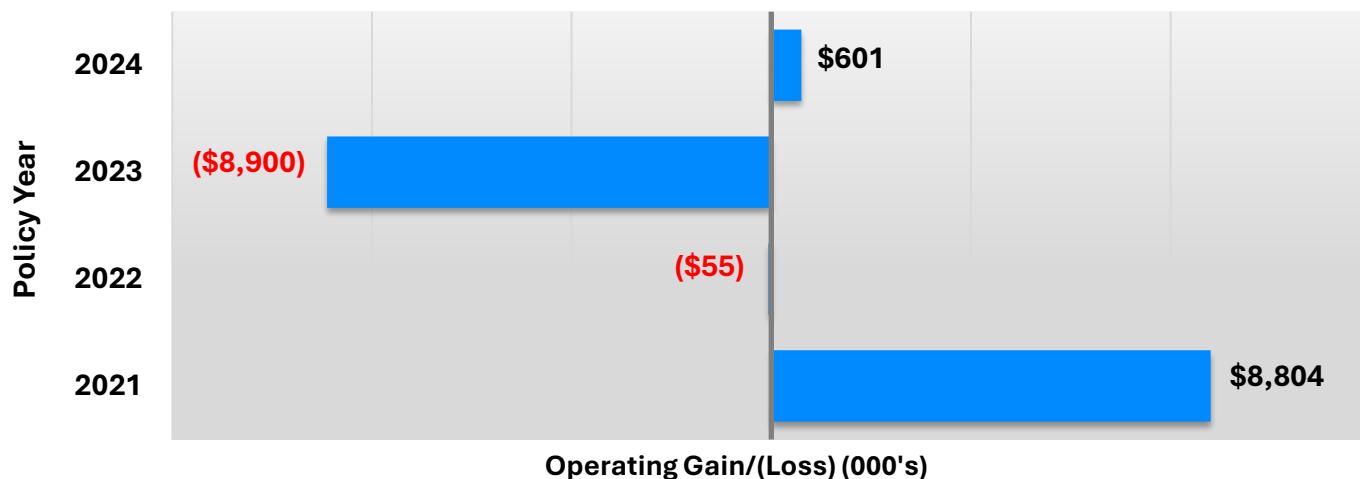
Incurred Losses (Projected to Ultimate)

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



Estimated Net Operating Gain/(Loss) (000's) (Projected to Ultimate)

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 2025 data will be available the end of April 2026 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 Tennessee for Policy Years 2021-2025, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 3rd Quarter 2025.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2021	39,679,554	2,625,034	6.6%
2022	36,138,267	2,074,738	5.7%
2023	28,363,072	2,315,296	8.2%
2024	22,087,598	--	--
2025	12,195,397	--	--

* 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, 2025

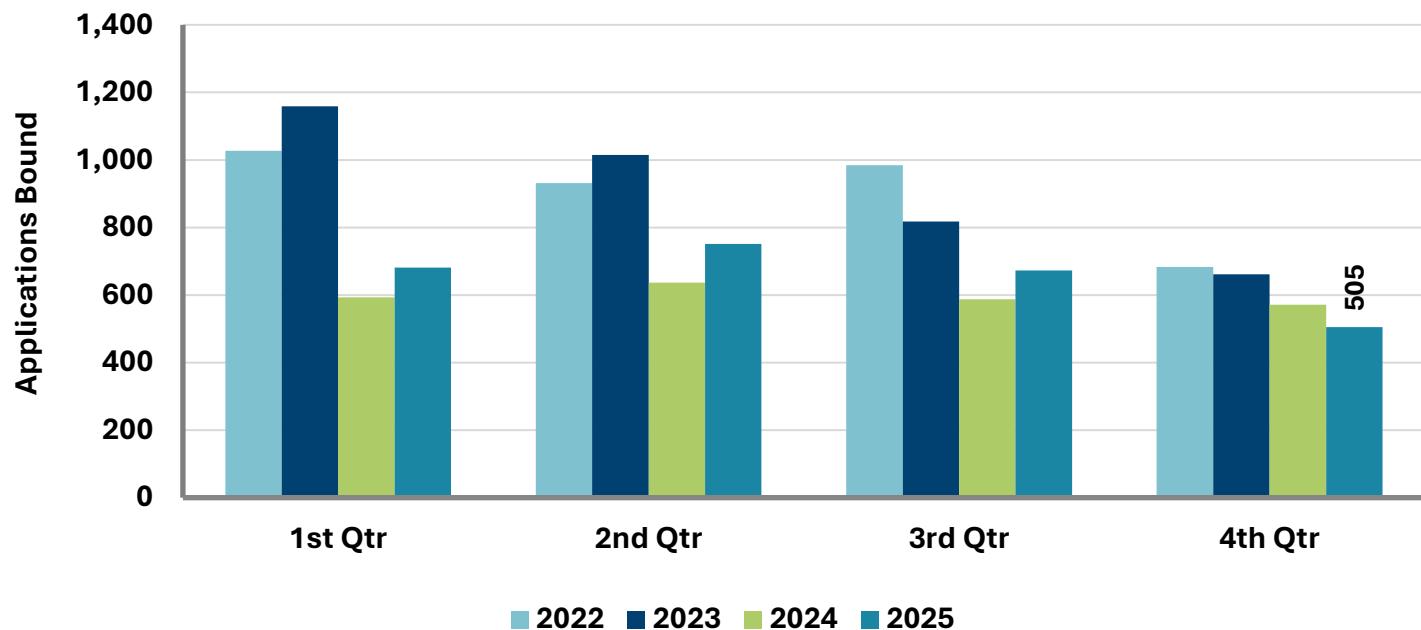
The volume of assigned risk applications redirected to the voluntary market through NCCI's **VCAP® Service**. The following shows the results **VCAP® Service** has provided during Annual 2025.

Number of Applications Reviewed by VCAP® Service	3,708
Associated Premium for Applications Reviewed	\$15,479,351.09
Number of VCAP® Service Matches	3,205
VCAP® Service Matches as a % of Applications Reviewed	86.43%
Number of VCAP® Service Offers	1,091
VCAP® Service Offers as a % of Matches	34.04%
Number of Confirmed VCAP® Service Policies	1,079
Confirmed VCAP® Service Policies as a % of Applications Reviewed	29.10%
Redirected Assigned Risk Premium	\$3,974,155.10
Associated Voluntary Market Premium	\$3,755,280.91
Savings	\$218,874.19
Average Savings per Application	\$202.85
Savings as a % of Redirected Assigned Risk Premium	5.51%
Redirected Premium as a % of Associated Premium for Applications Reviewed by VCAP® Service	25.67%

Residual Market Demographics

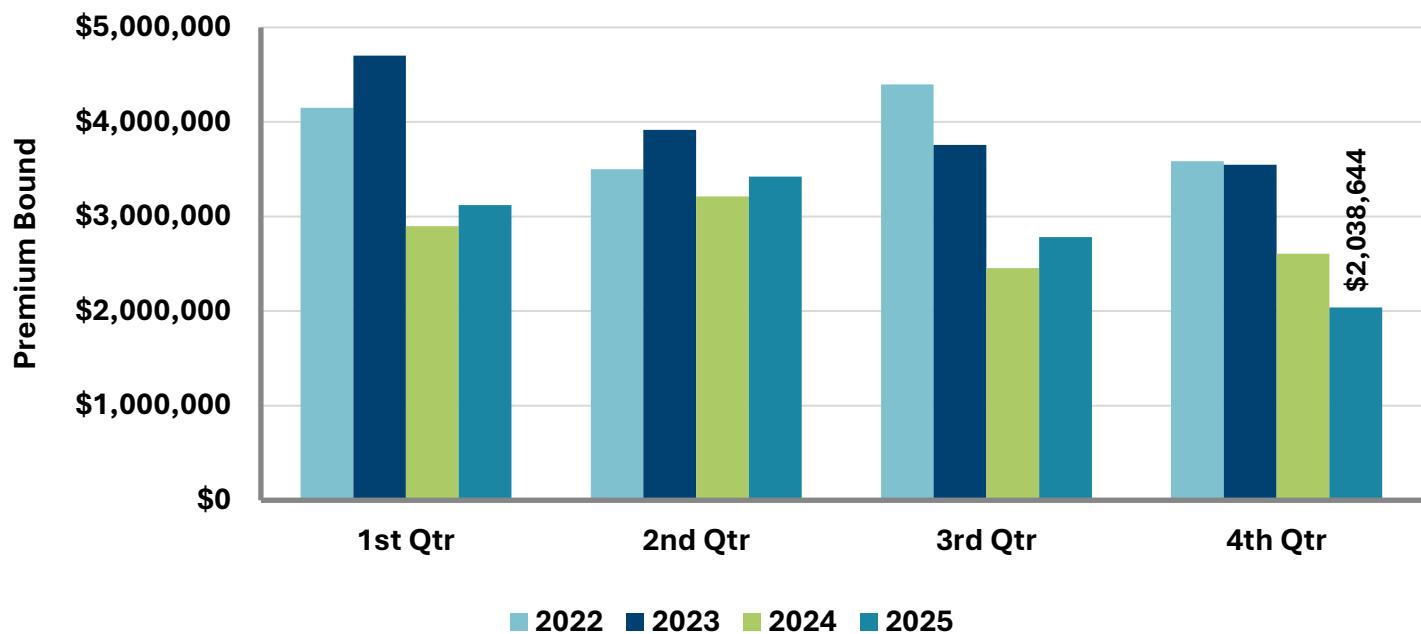
Total Applications Bound — 2022 vs. 2023 vs. 2024 vs. 2025

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 — 2022 vs. 2023 vs. 2024 vs. 2025

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).

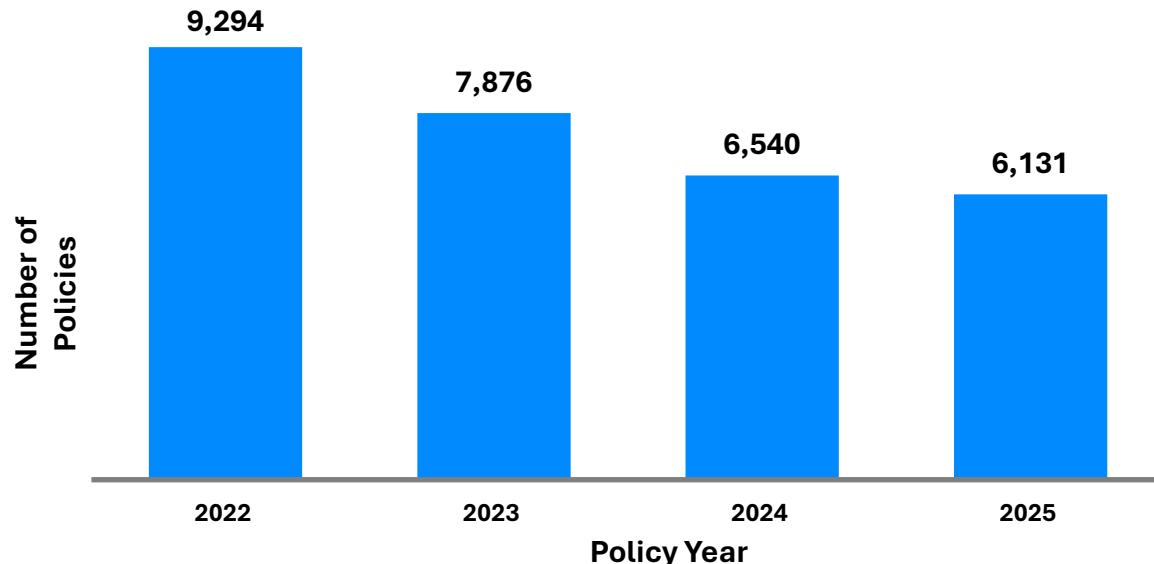


Residual Market Demographics

Residual Market Total Policy Counts

Annual Data for Policies Reported through December 31, 2025

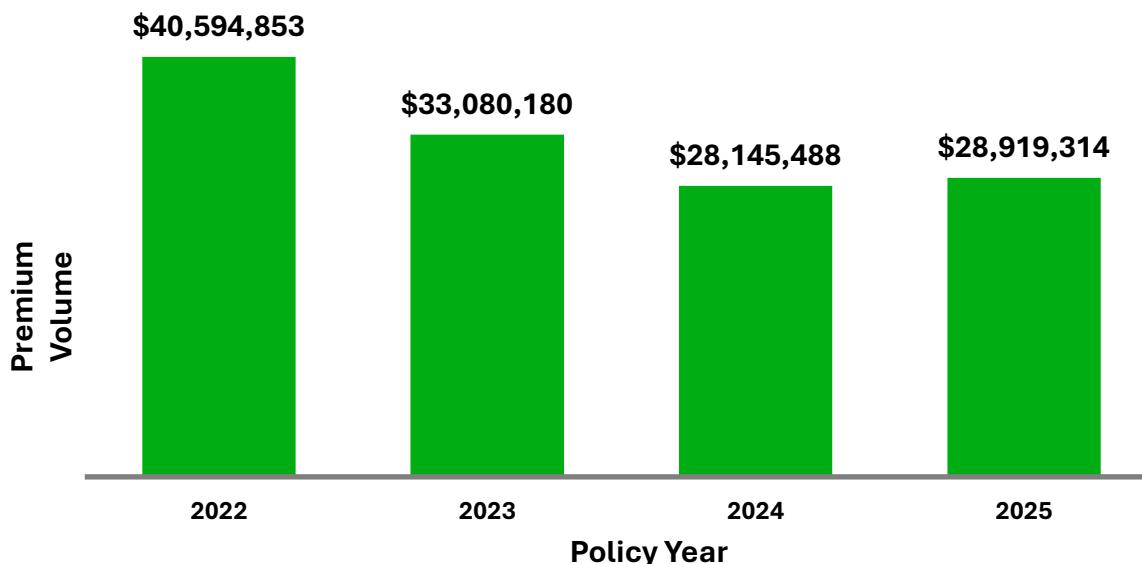
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Annual Data for Premium Reported through December 31, 2025

Total amount of all Assigned Risk Plan prorated estimated annual premium with effective dates during the calendar period listed above.





Residual Market Demographics

Premium Size Profiles

The total number of Assigned Risk Plan policies and prorated estimated annual premium totals, with effective dates during the respective timeframe (Annual), and reported to NCCI by December 31, 2025, by both Direct Assignment and Servicing Carriers.

Annual Data Reported through **December 31, 2025**

Premium Size \$	Policy Count	% of Total Policies	Premium \$	% of Total Premium	Average Premium \$
0- 2,499	3,711	60.5	3,882,503	13.4	1,046
2,500- 4,999	1,023	16.7	3,618,529	12.5	3,537
5,000- 9,999	731	11.9	5,186,069	17.9	7,094
10,000- 19,999	433	7.1	5,950,411	20.6	13,742
20,000- 49,999	172	2.8	5,106,700	17.7	29,690
50,000- 99,999	46	0.8	2,852,053	9.9	62,001
100,000- 199,999	13	0.2	1,845,304	6.4	141,946
200,000+	2	0.0	477,745	1.7	238,873
Total	6,131	100.0	28,919,314	100.0	4,717

Annual 2024 Data for Comparison

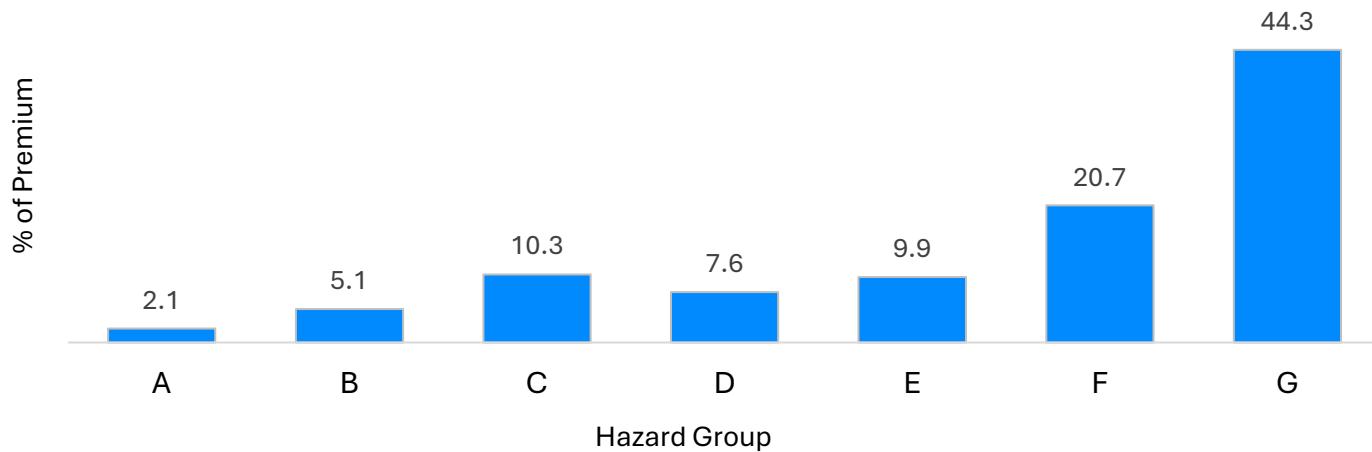
Premium Size \$	Policy Count	% of Total Policies	Premium \$	% of Total Premium	Average Premium \$
0- 2,499	4,225	64.6	4,103,716	14.6	971
2,500- 4,999	1,033	15.8	3,680,690	13.1	3,563
5,000- 9,999	693	10.6	4,946,108	17.6	7,137
10,000- 19,999	351	5.4	4,838,213	17.2	13,784
20,000- 49,999	176	2.7	5,321,844	18.9	30,238
50,000- 99,999	46	0.7	3,012,236	10.7	65,483
100,000- 199,999	15	0.2	1,965,567	7.0	131,038
200,000+	1	0.0	277,114	1.0	277,114
Total	6,540	100.0	28,145,488	100.0	4,304

Residual Market Demographics

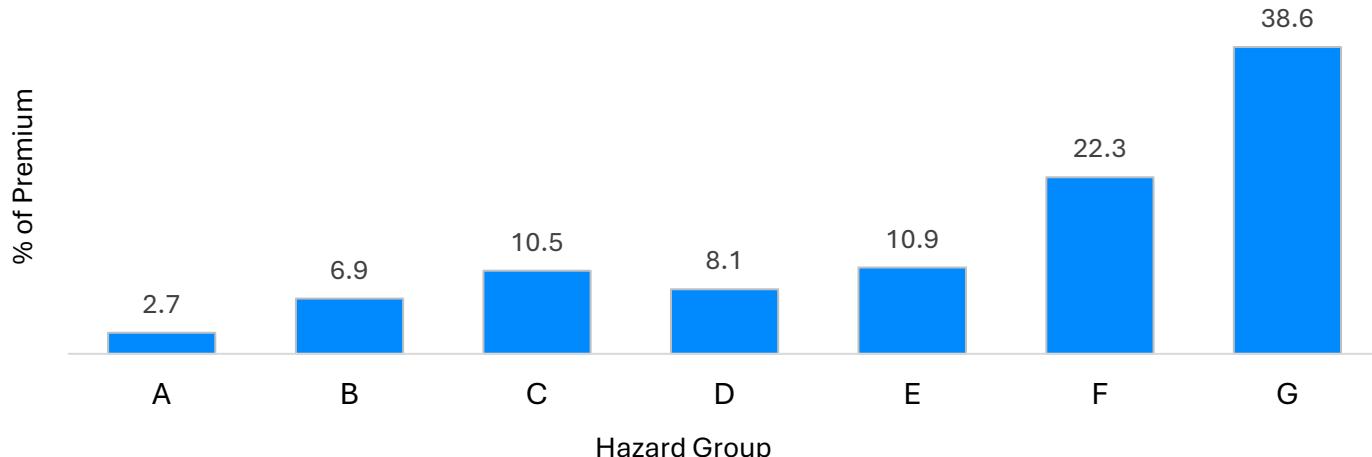
Hazard Group Distribution

Annual Data Reported through **December 31, 2025**

The Hazard Groups for Assigned Risk Plan policies reported to NCCI by Direct Assignment and Servicing Carriers as of the date listed above.



Annual 2024 Data for Comparison





Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count

Annual Data Reported through December 31, 2025

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	5551 - Roofing-All Kinds & Drivers	1,006	16.4
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	821	13.4
3	5604 - Construction - Executives, Supervisors or Foremen Overseeing Jobsites - Not Performing Actual Construction Work	231	3.8
4	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	196	3.2
5	8720 - Inspection of Risks for Insurance or Valuation Purposes NOC	180	2.9
6	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	177	2.9
7	7711 - Firefighters & Drivers – Volunteer	175	2.9
8	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	172	2.8
9	5474 - Painting NOC & Shop Operations, Drivers	154	2.5
10	6217 - Excavation & Drivers	113	1.8

Residual Market Top 10 Classification Codes by Premium Volume

Annual Data Reported through December 31, 2025

The top 10 governing class codes by prorated estimated annual premium 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	6,456,258	22.3
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	3,164,494	10.9
3	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	960,095	3.3
4	8720 - Inspection of Risks for Insurance or Valuation Purposes NOC	631,421	2.2
5	7720 - Police Officers & Drivers	604,670	2.1
6	6217 - Excavation & Drivers	542,159	1.9
7	5604 - Construction - Executives, Supervisors or Foremen Overseeing Jobsites - Not Performing Actual Construction Work	511,059	1.8
8	0037 - Farm: Field Crops & Drivers	477,723	1.7
9	5474 - Painting NOC & Shop Operations, Drivers	469,534	1.6
10	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	460,469	1.6



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. This excludes policies that have been cancelled or expired prior to the 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.

Prorated Estimated Annual Premium—premium determined by multiplying a policy’s total estimated annual premium to a factor based on the number of days the policy was in effect. For example, if a policy was in effect for 100 days, the factor would be 100/365 or 0.274. For a policy with a total estimated annual premium of \$1,000 the prorated estimated annual premium would be \$274. This calculation is applied to cancelled policies.

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.