



Virginia Residual Market State Activity Report

Second Quarter 2023



Executive Summary

NCCI, as Pool and Plan Administrator of the Virginia Workers Compensation Insurance Plan, is pleased to provide the Second Quarter 2023 *Virginia 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 Virginia Plan. Residual Market demographics contained in this report include:

Table of Contents

Residual Market Demographics	
Residual Market Total Policies and Premium in Force	1
Virginia Residual Market Reinsurance Pool Booked Loss Ratio	2
Virginia Residual Market Reinsurance Pool Ultimate Net Written Premium	2
Virginia Residual Market Reinsurance Pool Net Operating Results.....	3
Collections/Indemnification.....	4
Total Applications Bound.....	5
Total Application Premium Bound.....	5
Residual Market Total Policy Counts	6
Residual Market Total Premium Volume.....	6
Total Premium Distribution by Size of Risk.....	7
Residual Market Top 10 Classification Codes by Policy Count.....	8
Residual Market Top 10 Classification Codes by Premium Volume	8
Glossary of Terms.....	9

If you have any questions or comments about this report, please feel free to contact the individual listed below.

Sean Cordell, Plan Administration

561-893-3171

© Copyright 2023 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 June 30, 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 %
Policy Count	11,216	12,102	-886	-7.3%
Premium Volume	\$40,517,274	\$47,600,944	-\$7,083,670	-14.9%

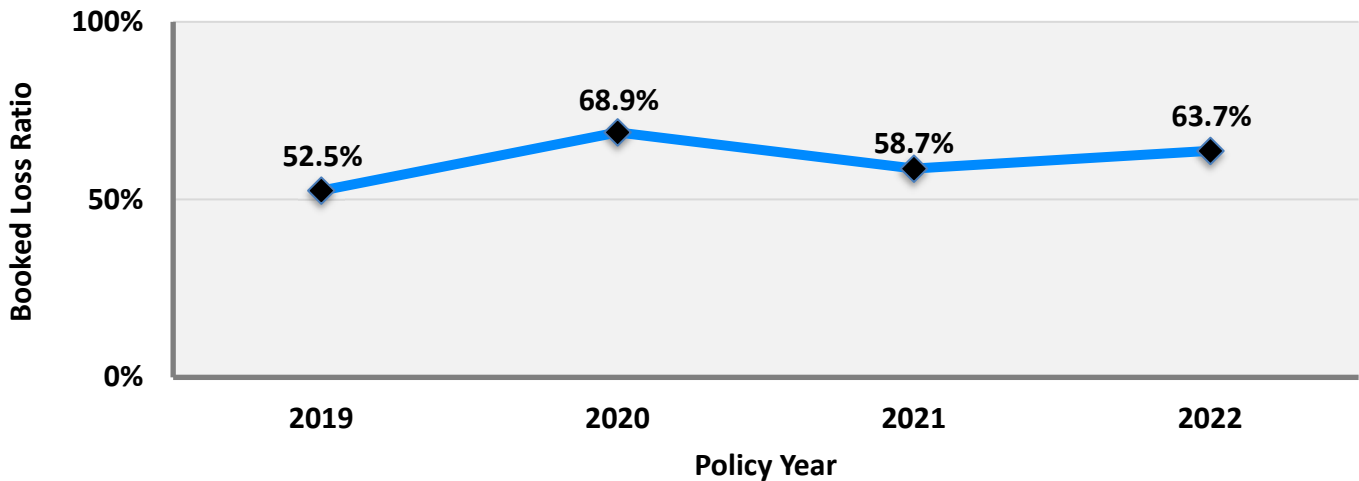


Residual Market Demographics

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

Policy Year Financial Results through 1st Quarter 2023 for 2022 and prior years*

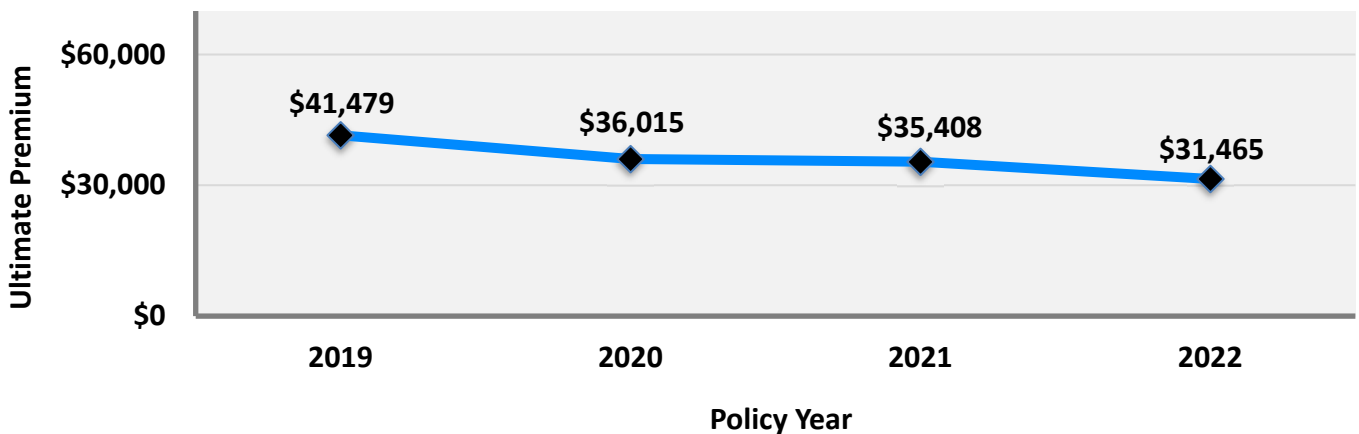
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 1st 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.



*2nd Quarter 2023 data will be available the end of October 2023 due to the timing of data reporting

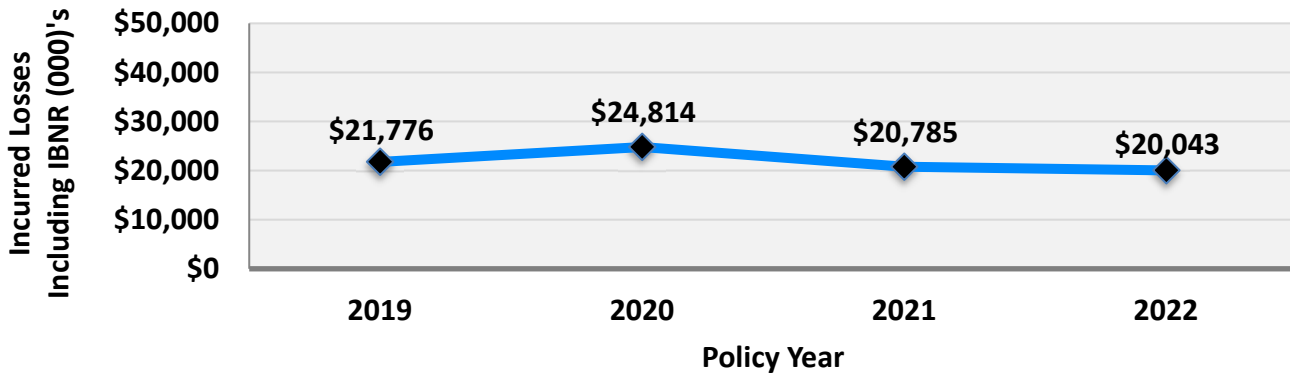


Residual Market Demographics

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

Policy Year Financial Results through 1st Quarter 2023 for 2022 and prior years*

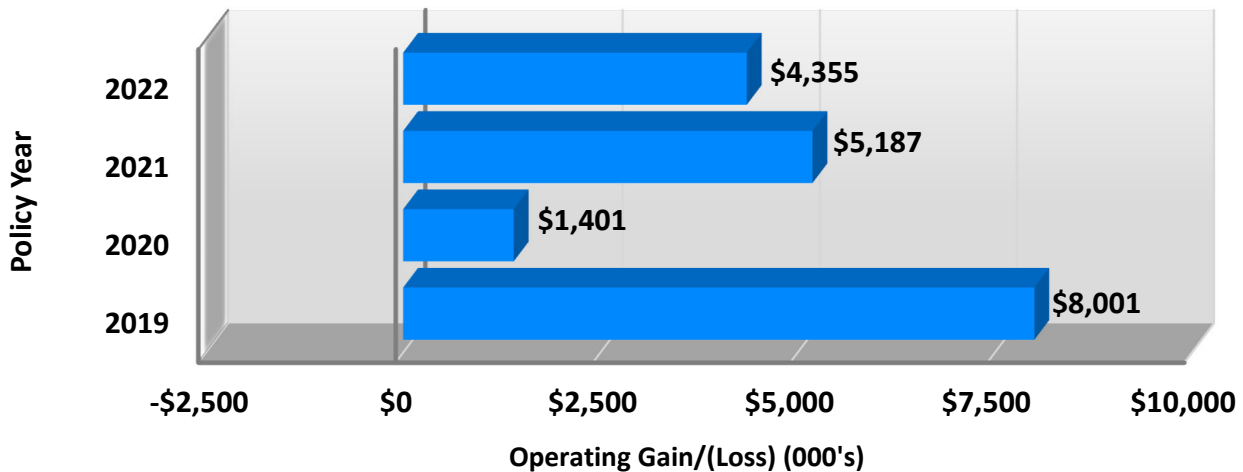
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 1st 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.



*2nd Quarter 2023 data will be available the end of October 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 Virginia for Policy Years 2019-2023, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 1st Quarter 2023.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2019	42,714,900	1,236,020	2.9%
2020	37,385,085	1,369,919	3.7%
2021	36,565,877	882,772	2.4%
2022	30,403,822	--	--
2023	5,869,828	--	--

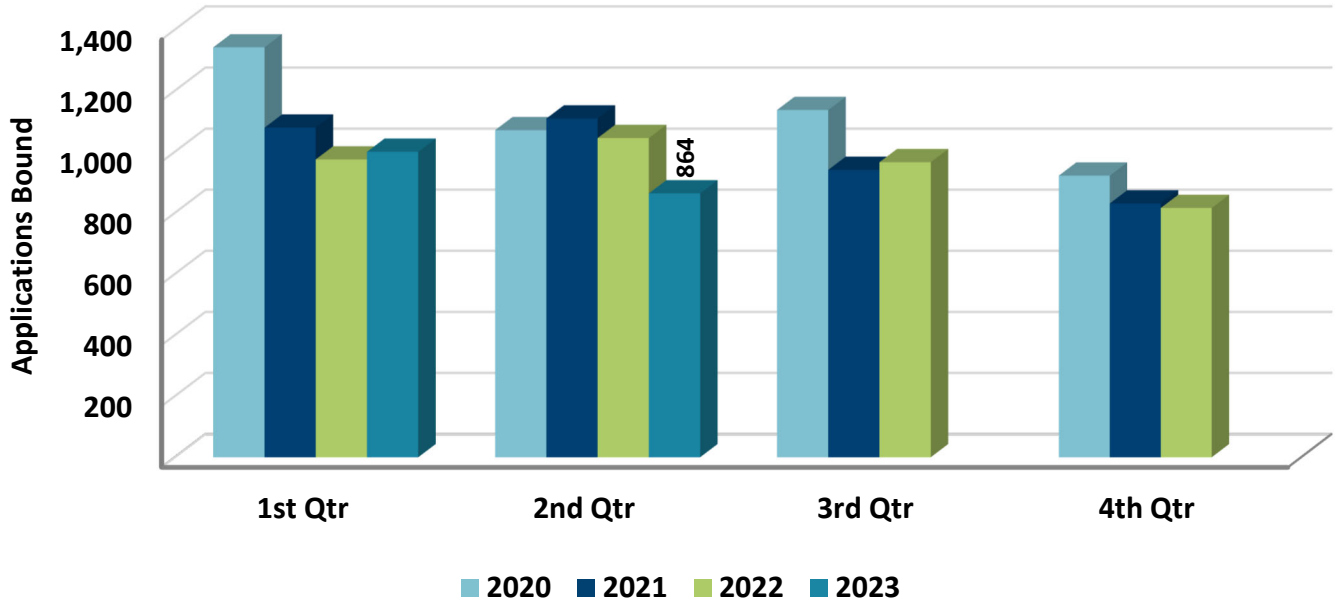
* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed for the more recent policy years.



Residual Market Demographics

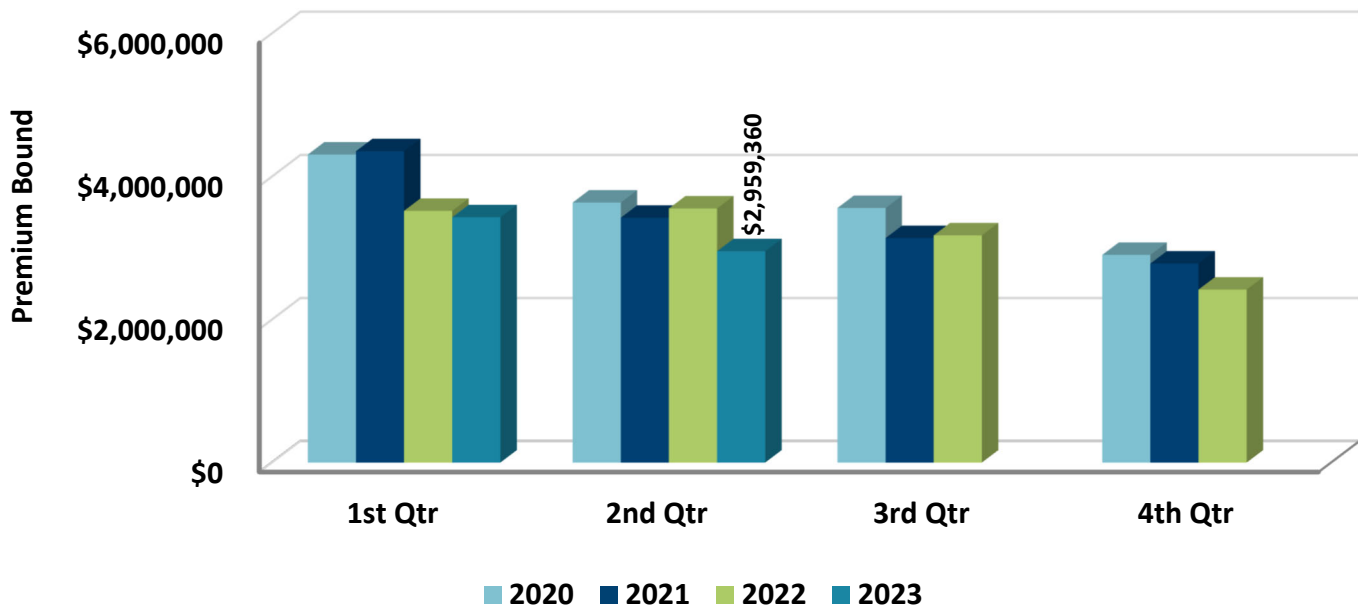
Total Applications Bound — 2020 vs. 2021 vs. 2022 vs. 2023

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).



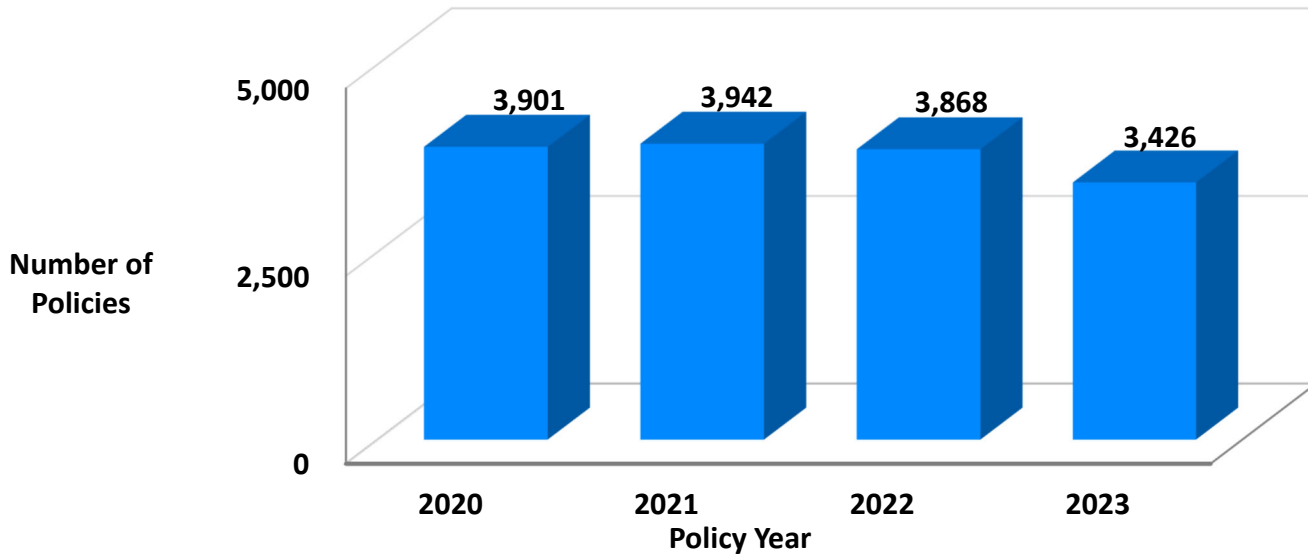


Residual Market Demographics

Residual Market Total Policy Counts

Second Quarter Data for Policies Reported through June 30, 2023

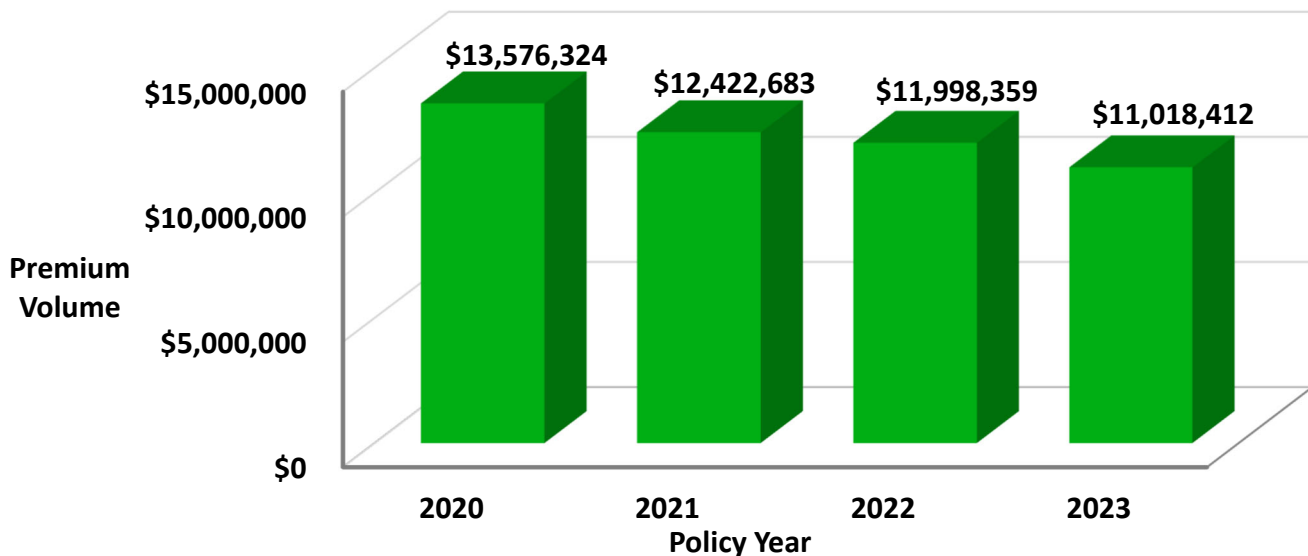
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Second Quarter Data Reported through June 30, 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

Second Quarter Data Reported through June 30, 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	2,412	70.4	2,485,269	22.6	1,030
\$2500- \$4999	510	14.9	1,835,230	16.7	3,598
\$5000- \$9999	332	9.7	2,300,289	20.9	6,929
\$10000- \$19999	115	3.4	1,555,656	14.1	13,527
\$20000- \$49999	39	1.1	1,158,973	10.5	29,717
\$50000- \$99999	12	0.4	797,327	7.2	66,444
\$100000- \$199999	5	0.1	683,416	6.2	136,683
\$2000000+	1	0.0	202,252	1.8	202,252
Total	3,426	100.0	11,018,412	100.0	3,216

Second Quarter 2022 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	2,843	73.5	2,833,416	23.6	997
\$2500- \$4999	526	13.6	1,854,430	15.5	3,526
\$5000- \$9999	310	8.0	2,187,463	18.2	7,056
\$10000- \$19999	126	3.3	1,672,120	13.9	13,271
\$20000- \$49999	42	1.1	1,289,331	10.7	30,698
\$50000- \$99999	13	0.3	875,310	7.3	67,332
\$100000- \$199999	6	0.2	853,316	7.1	142,219
\$2000000+	2	0.1	432,973	3.6	216,487
Total	3,868	100.0	11,998,359	100.0	3,102



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Second Quarter Data Reported through June 30, 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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	307	9.0
2	5551 - Roofing-All Kinds & Drivers	211	6.2
3	7228 - Trucking-Local Hauling Only-& Drivers	203	5.9
4	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	161	4.7
5	5474 - Painting NOC & Shop Operations, Drivers	150	4.4
6	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	114	3.3
7	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	100	2.9
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	82	2.4
9	9063 - YMCA, YWCA, YMHA or YWHA, Institution-All Employees & Clerical	71	2.1
10	9015 - Building or Property Management - All Other Employees	70	2.0

Residual Market Top 10 Classification Codes by Premium Volume Second Quarter Data Reported through June 30, 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	5551 - Roofing-All Kinds & Drivers	1,138,496	10.3
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	916,041	8.3
3	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	399,801	3.6
4	7228 - Trucking-Local Hauling Only-& Drivers	378,030	3.4
5	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	341,255	3.1
6	5474 - Painting NOC & Shop Operations, Drivers	326,976	3.0
7	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	280,030	2.5
8	8868 - College - Professional Employees & Clerical	277,123	2.5
9	9170 - Janitorial Services by Contractors-Includes Window Cleaning Above Ground Level & Drivers	273,850	2.5
10	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	246,620	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.