



Virginia Residual Market State Activity Report

Third Quarter 2022



Executive Summary

NCCI, as Pool and Plan Administrator of the Virginia Workers Compensation Insurance Plan, is pleased to provide the Third Quarter 2022 *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:

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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 September 30, 2022—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.

	2022	2021	2022 vs. 2021 #	2022 vs. 2021 %
Policy Count	11,746	12,457	-711	-5.7%
Premium Volume	\$43,193,395	\$48,146,658	-\$4,953,263	-10.3%

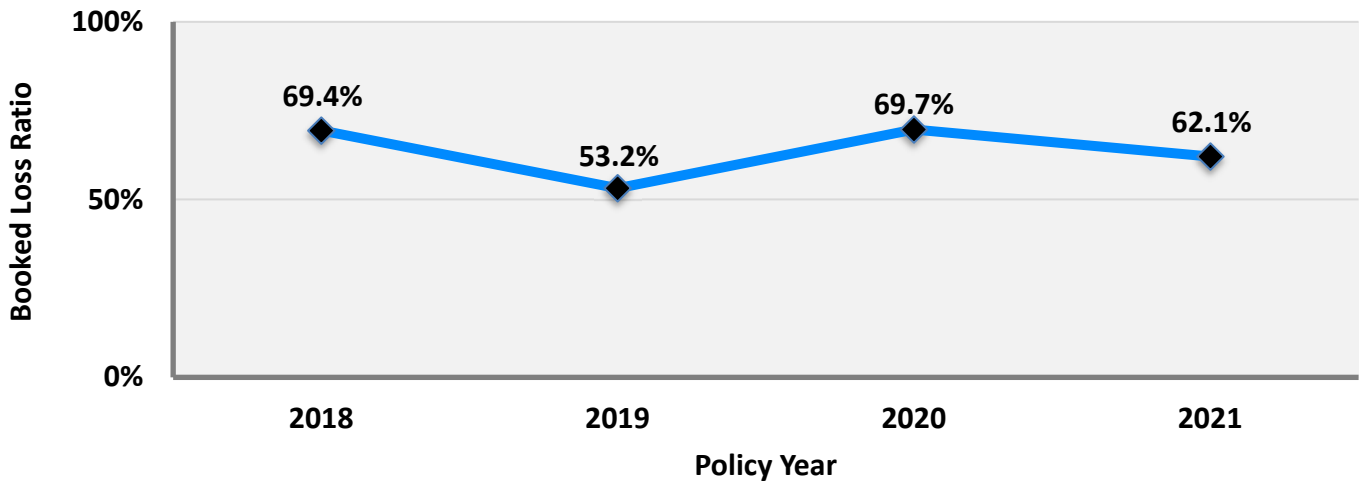


Residual Market Demographics

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

Policy Year Financial Results through 2nd Quarter 2022 for 2021 and prior years*

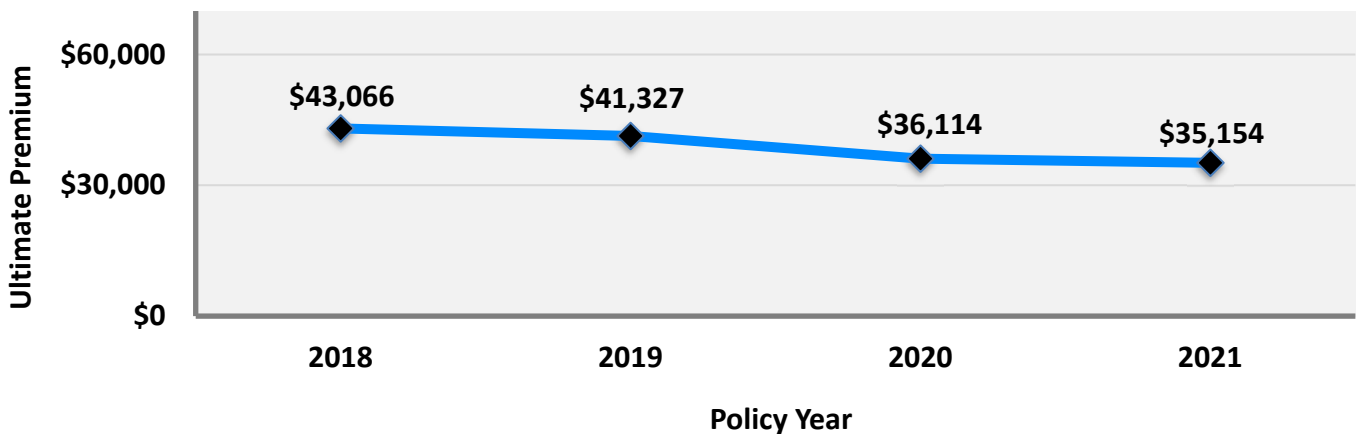
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 2nd Quarter 2022 for 2021 and prior years*

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



*3rd Quarter 2022 data will be available the end of January 2023 due to the timing of data reporting

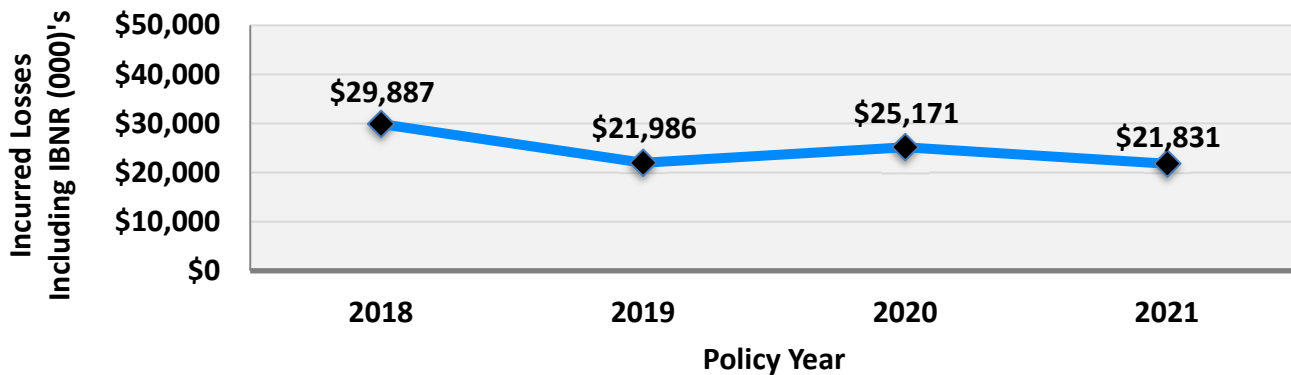


Residual Market Demographics

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

Policy Year Financial Results through 2nd Quarter 2022 for 2021 and prior years*

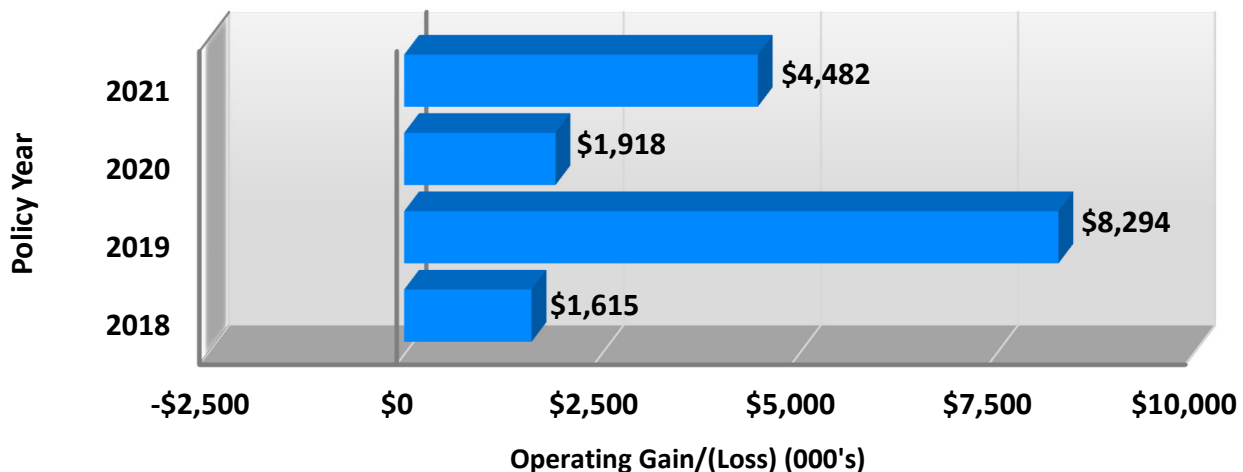
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 2nd Quarter 2022 for 2021 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.



*3rd Quarter 2022 data will be available the end of January 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 2018-2022, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 2nd Quarter 2022.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2018	44,236,386	1,170,839	2.6%
2019	42,619,131	1,292,333	3.0%
2020	37,483,181	1,380,139	3.7%
2021	34,439,652	--	--
2022	14,237,089	--	--

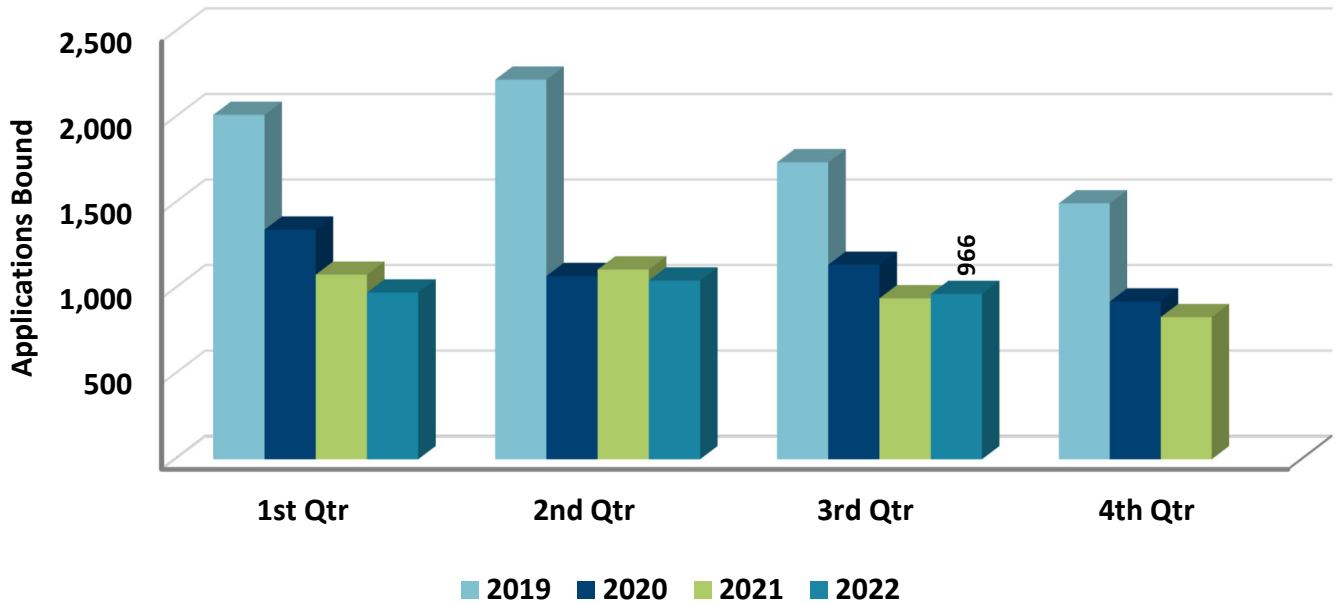
* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed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



Residual Market Demographics

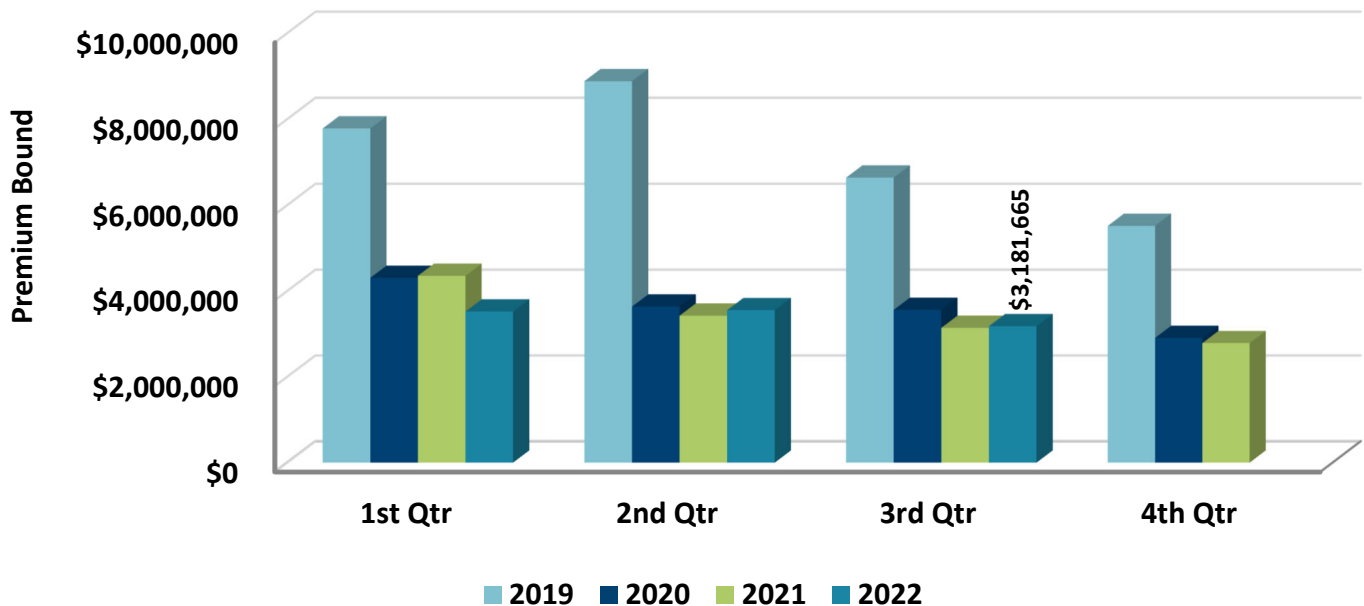
Total Applications Bound — 2019 vs. 2020 vs. 2021 vs. 2022

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 — 2019 vs. 2020 vs. 2021 vs. 2022

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).



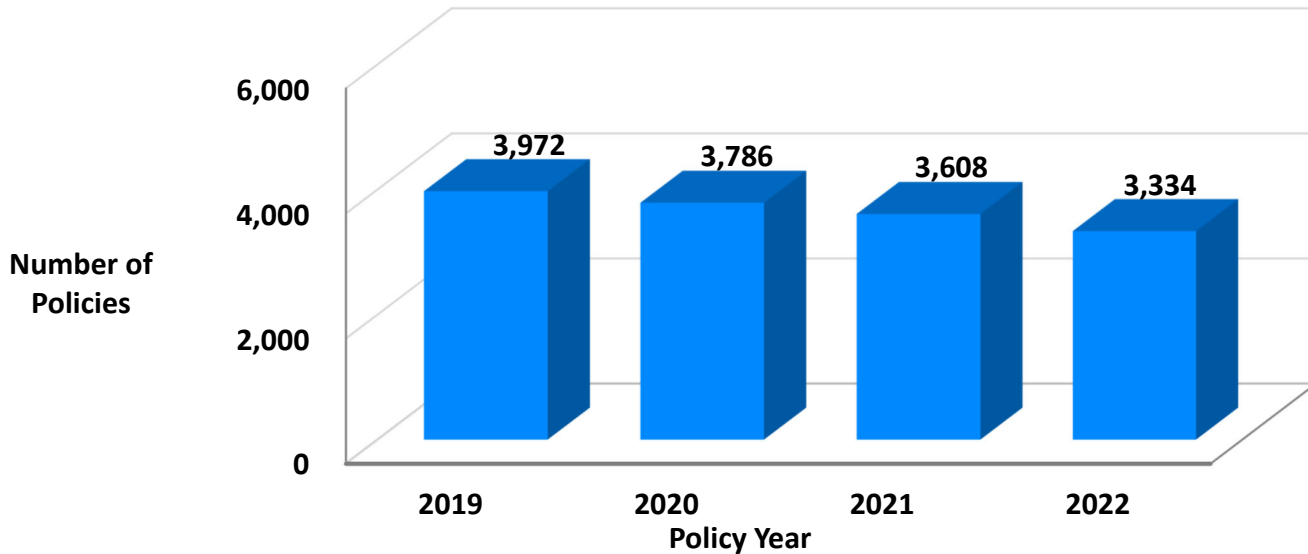


Residual Market Demographics

Residual Market Total Policy Counts

Third Quarter Data for Policies Reported through September 30, 2022

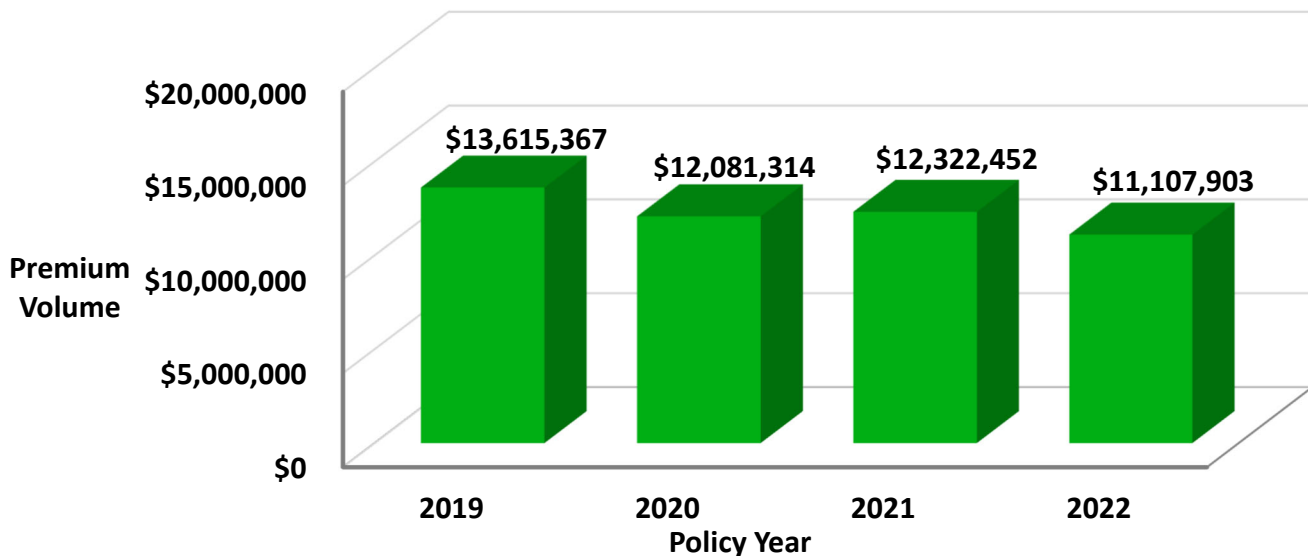
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Third Quarter Data Reported through September 30, 2022

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

Third Quarter Data Reported through September 30, 2022

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	2,293	68.8	2,518,182	22.7	1,098
\$2500- \$4999	515	15.4	1,822,038	16.4	3,538
\$5000- \$9999	336	10.1	2,327,680	21.0	6,928
\$10000- \$19999	132	4.0	1,832,252	16.5	13,881
\$20000- \$49999	39	1.2	1,110,515	10.0	28,475
\$50000- \$99999	15	0.4	938,525	8.4	62,568
\$100000- \$199999	3	0.1	357,622	3.2	119,207
\$2000000+	1	0.0	201,089	1.8	201,089
Total	3,334	100.0	11,107,903	100.0	3,332

Third Quarter 2021 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	2,586	71.7	2,618,733	21.3	1,013
\$2500- \$4999	482	13.4	1,702,123	13.8	3,531
\$5000- \$9999	333	9.2	2,357,603	19.1	7,080
\$10000- \$19999	148	4.1	2,057,007	16.7	13,899
\$20000- \$49999	45	1.2	1,385,625	11.2	30,792
\$50000- \$99999	8	0.2	570,508	4.6	71,314
\$100000- \$199999	4	0.1	549,093	4.5	137,273
\$2000000+	2	0.1	1,081,760	8.8	540,880
Total	3,608	100.0	12,322,452	100.0	3,415



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Third Quarter Data Reported through September 30, 2022

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	276	8.3
2	7228 - Trucking-Local Hauling Only-& Drivers	210	6.3
3	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	161	4.8
4	5474 - Painting NOC & Shop Operations, Drivers	158	4.7
5	5551 - Roofing-All Kinds & Drivers	143	4.3
6	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	130	3.9
7	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	98	2.9
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	95	2.8
9	8835 - Home, Public, And Traveling Healthcare - All Employees	55	1.6
10	9015 - Building or Property Management - All Other Employees	53	1.6

Residual Market Top 10 Classification Codes by Premium Volume Third Quarter Data Reported through September 30, 2022

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	838,356	7.5
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	825,935	7.4
3	7228 - Trucking-Local Hauling Only-& Drivers	700,298	6.3
4	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	490,392	4.4
5	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	460,896	4.1
6	5474 - Painting NOC & Shop Operations, Drivers	349,986	3.2
7	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	313,957	2.8
8	7711 - Firefighters & Drivers – Volunteer	275,398	2.5
9	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	254,406	2.3
10	8861 - Charitable or Welfare Organization - Professional Employees & Clerical	242,169	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.