



Virginia Residual Market State Activity Report

Third Quarter 2023



Executive Summary

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

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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, 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	11,097	11,902	-805	-6.8%
Premium Volume	\$40,143,663	\$45,669,716	-\$5,526,053	-12.1%

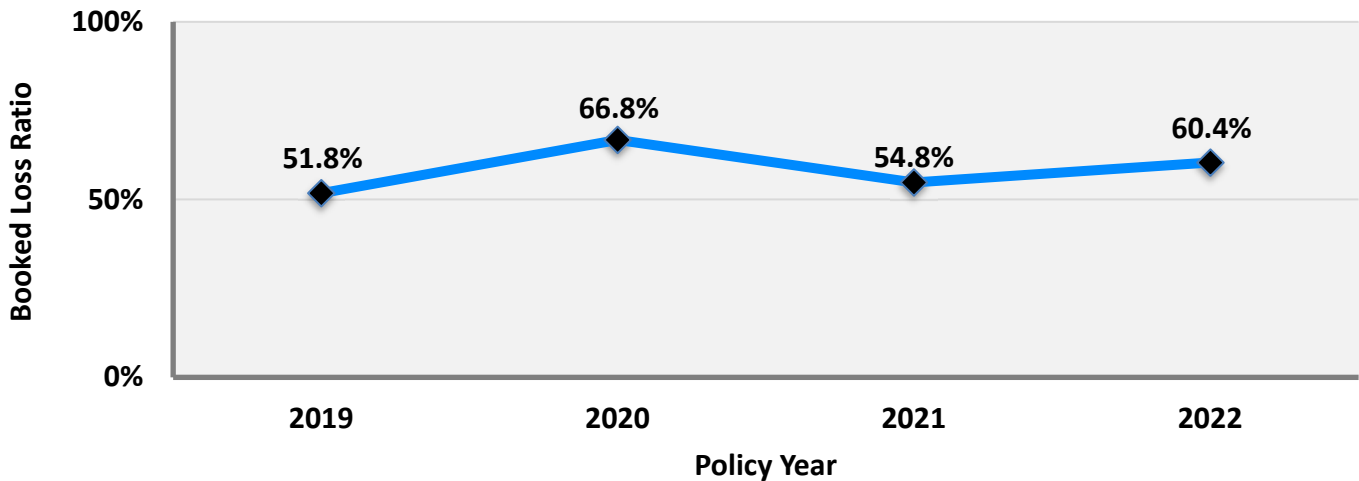


Residual Market Demographics

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

Policy Year Financial Results through 2nd Quarter 2023 for 2022 and prior years*

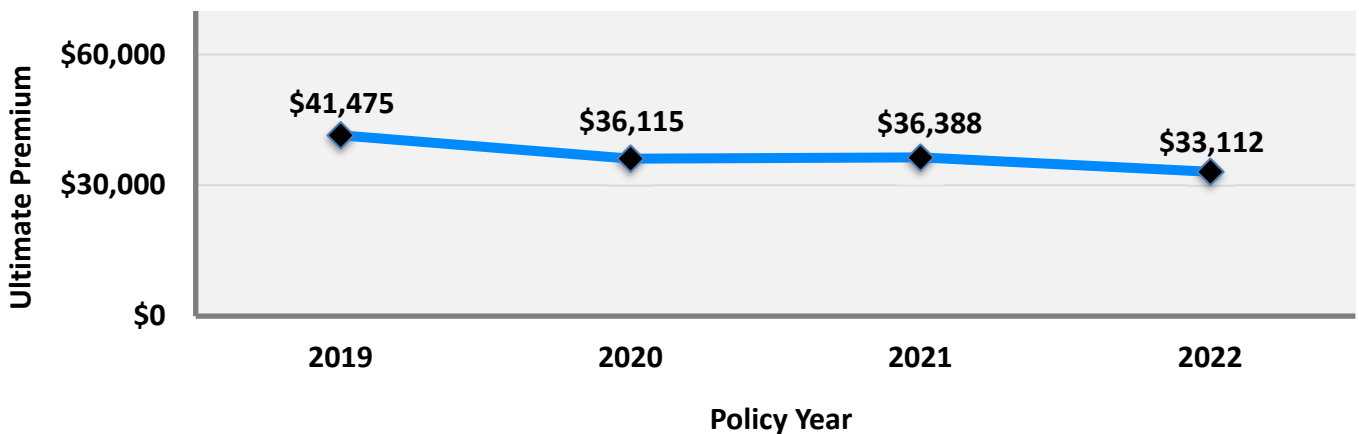
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 2nd 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.



*3rd Quarter 2023 data will be available the end of January 2024 due to the timing of data reporting

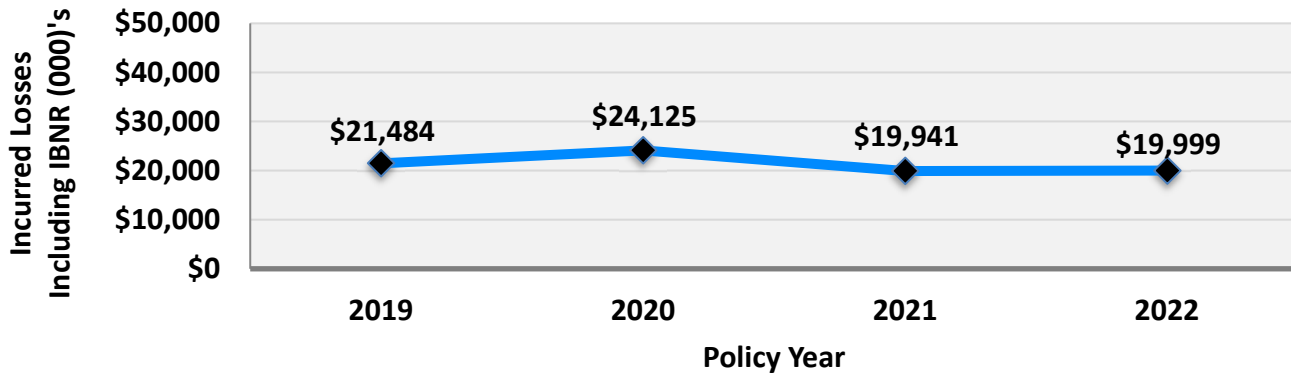


Residual Market Demographics

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

Policy Year Financial Results through 2nd Quarter 2023 for 2022 and prior years*

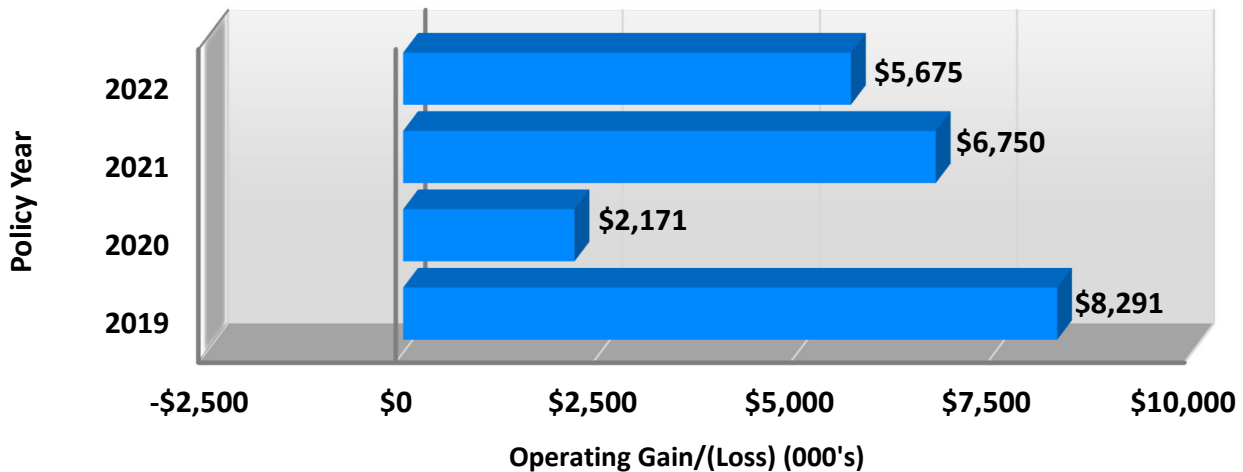
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 2nd 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.



*3rd Quarter 2023 data will be available the end of January 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 Virginia for Policy Years 2019-2023, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 2nd Quarter 2023.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2019	42,710,566	1,236,026	2.9%
2020	37,380,096	1,265,098	3.4%
2021	37,508,243	1,068,794	2.8%
2022	31,752,082	--	--
2023	13,279,700	--	--

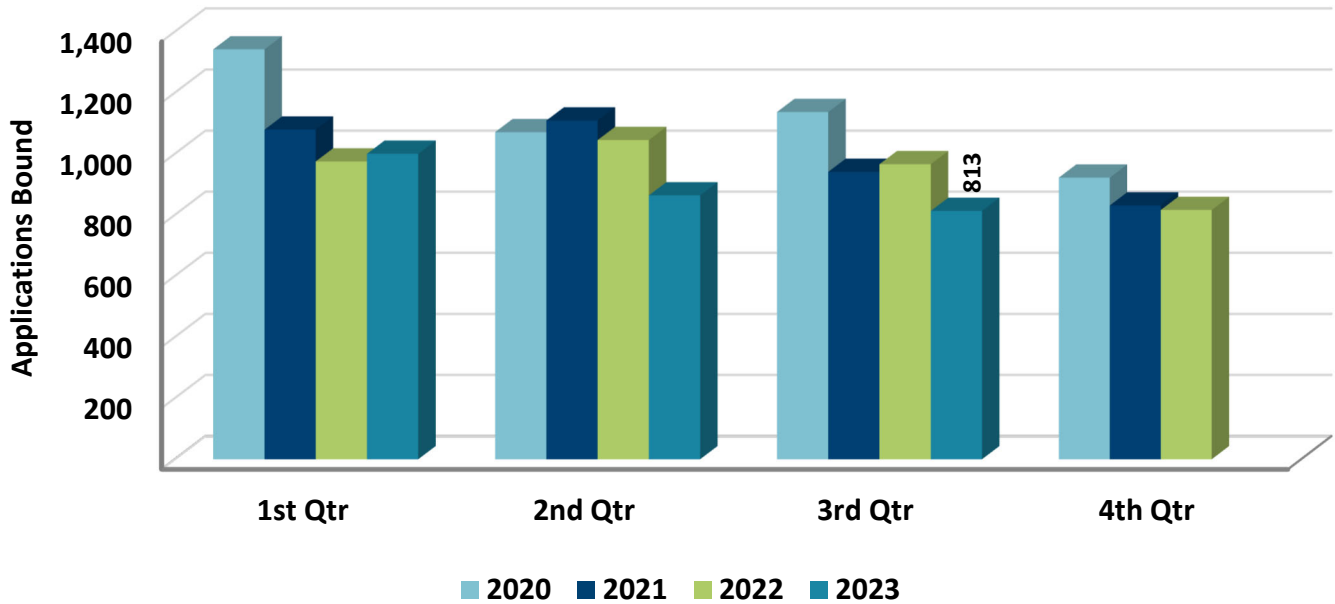
* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed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



Residual Market Demographics

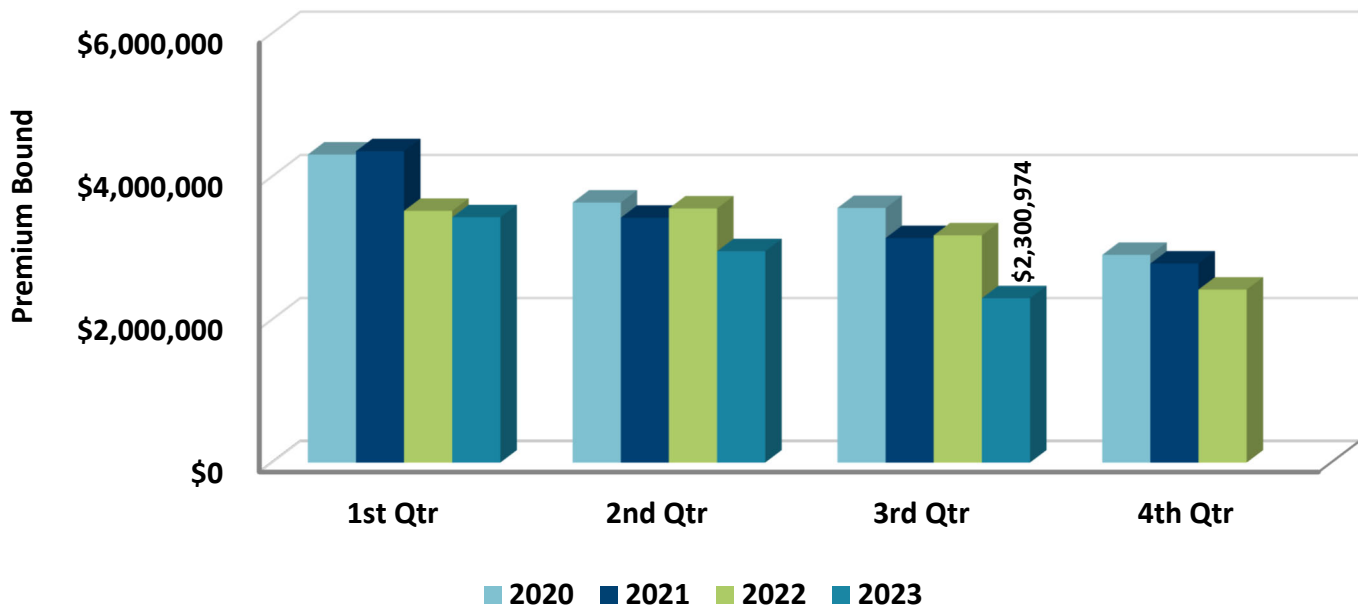
Total Applications Bound — 2020 vs. 2021 vs. 2022 vs. 2023

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).



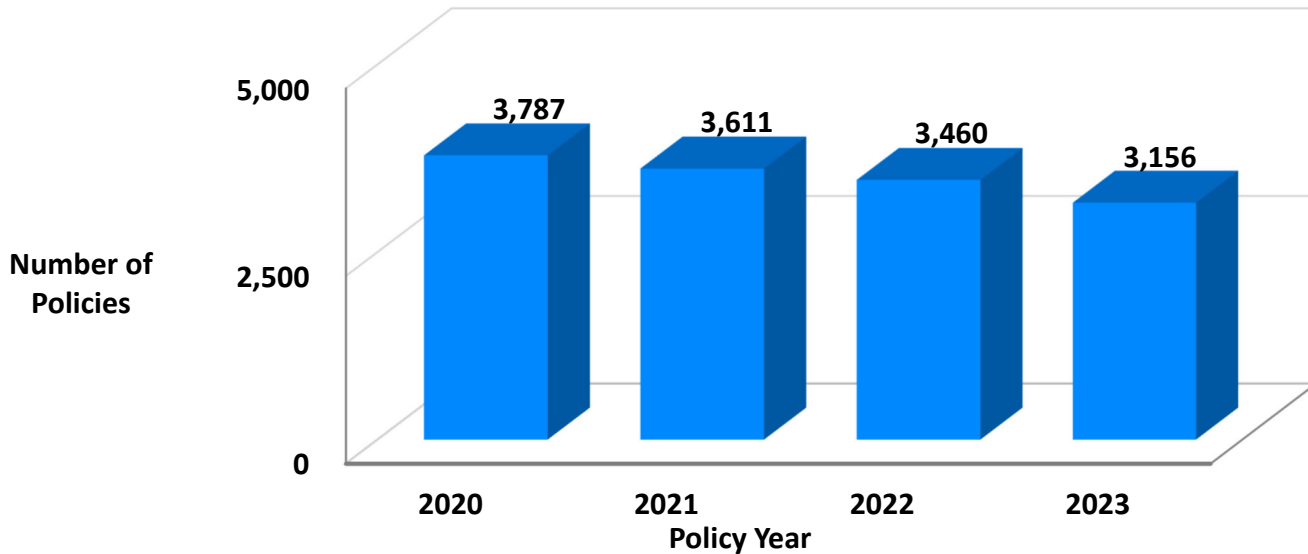


Residual Market Demographics

Residual Market Total Policy Counts

Third Quarter Data for Policies Reported through September 30, 2023

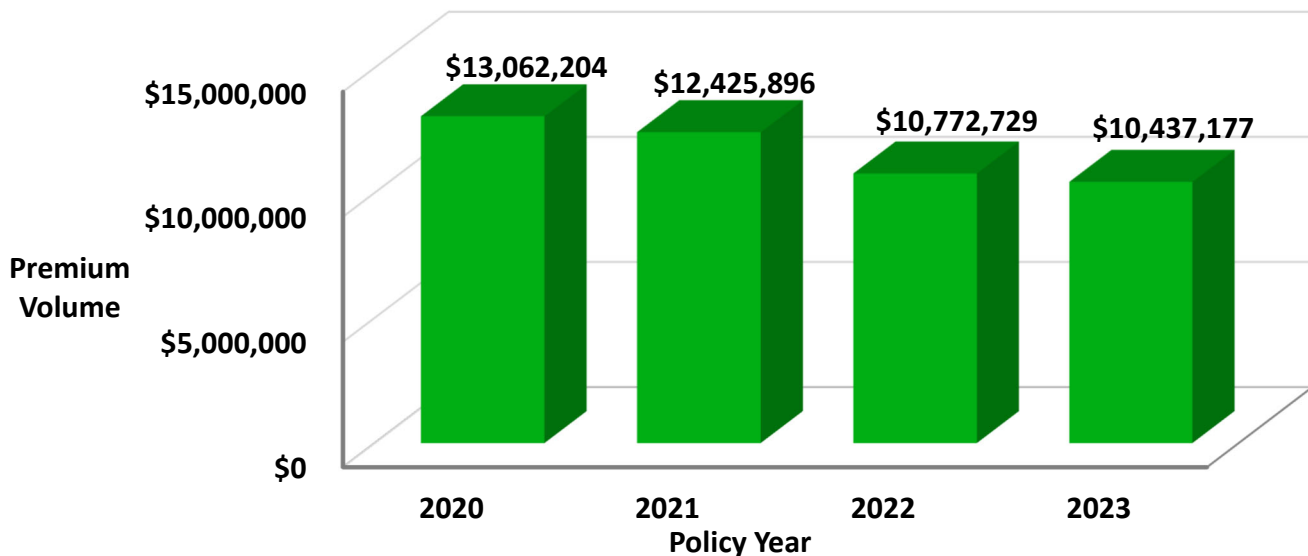
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

Third Quarter Data Reported through September 30, 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

Third Quarter Data Reported through September 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	2,162	68.5	2,248,577	21.5	1,040
\$2500- \$4999	481	15.2	1,713,968	16.4	3,563
\$5000- \$9999	312	9.9	2,152,561	20.6	6,899
\$10000- \$19999	140	4.4	1,922,709	18.4	13,734
\$20000- \$49999	46	1.5	1,295,615	12.4	28,166
\$50000- \$99999	13	0.4	808,240	7.7	62,172
\$100000- \$199999	2	0.1	295,507	2.8	147,754
\$2000000+	0	0.0	0	0.0	0
Total	3,156	100.0	10,437,177	100.0	3,307

Third Quarter 2022 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	2,456	71.0	2,397,555	22.3	976
\$2500- \$4999	487	14.1	1,691,198	15.7	3,473
\$5000- \$9999	325	9.4	2,262,009	21.0	6,960
\$10000- \$19999	127	3.7	1,736,500	16.1	13,673
\$20000- \$49999	48	1.4	1,317,742	12.2	27,453
\$50000- \$99999	14	0.4	921,176	8.6	65,798
\$100000- \$199999	2	0.1	218,078	2.0	109,039
\$2000000+	1	0.0	228,471	2.1	228,471
Total	3,460	100.0	10,772,729	100.0	3,114



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count Third Quarter Data Reported through September 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	266	8.4
2	7228 - Trucking-Local Hauling Only-& Drivers	206	6.5
3	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	165	5.2
4	5551 - Roofing-All Kinds & Drivers	158	5.0
5	5474 - Painting NOC & Shop Operations, Drivers	127	4.0
6	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	98	3.1
7	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	84	2.7
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	82	2.6
9	9063 - YMCA, YWCA, YMHA or YWHA, Institution-All Employees & Clerical	59	1.9
10	8861 - Charitable or Welfare Organization - Professional Employees & Clerical	54	1.7

Residual Market Top 10 Classification Codes by Premium Volume Third Quarter Data Reported through September 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	786,912	7.5
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	779,085	7.5
3	7228 - Trucking-Local Hauling Only-& Drivers	685,895	6.6
4	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	459,228	4.4
5	5474 - Painting NOC & Shop Operations, Drivers	349,070	3.3
6	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	332,292	3.2
7	8861 - Charitable or Welfare Organization - Professional Employees & Clerical	307,004	2.9
8	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	290,115	2.8
9	8279 - Stable or Breeding Farm & Drivers	225,578	2.2
10	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	220,725	2.1



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.