



# Virginia Residual Market State Activity Report

Annual 2021



## Executive Summary

NCCI, as Pool and Plan Administrator of the Virginia Workers Compensation Insurance Plan, is pleased to provide the Annual 2021 *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 December 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>	12,160	12,867	-707	-5.5%
<b>Premium Volume</b>	\$44,938,622	\$49,977,816	-\$5,039,194	-10.1%

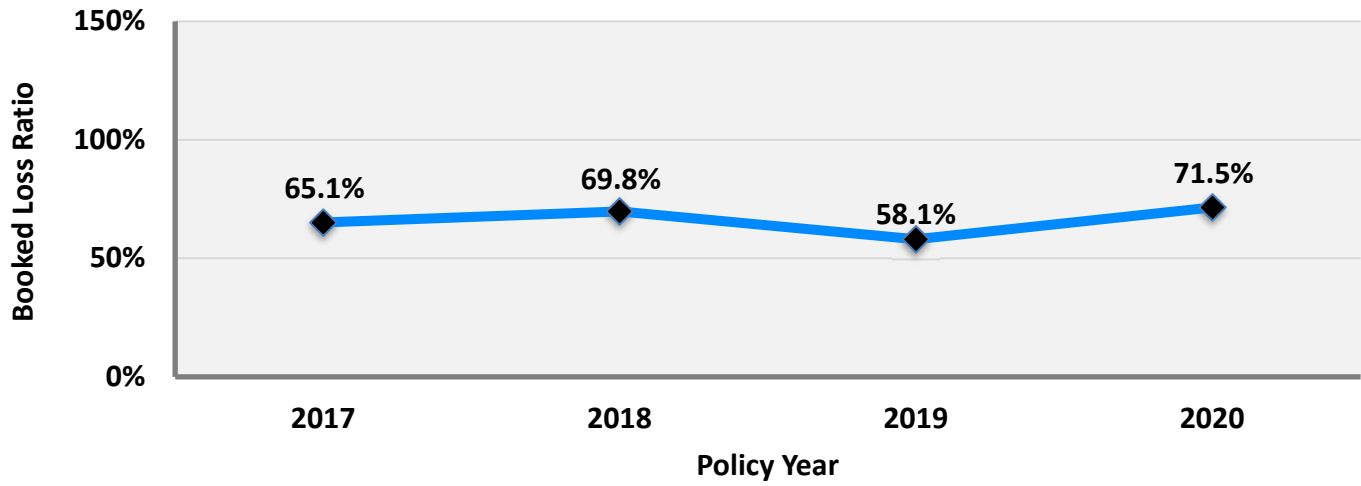


## Residual Market Demographics

### Virginia Residual Market Reinsurance Pool Booked Loss Ratio

#### Policy Year Financial Results through 3rd Quarter 2021 for 2020 and prior years\*

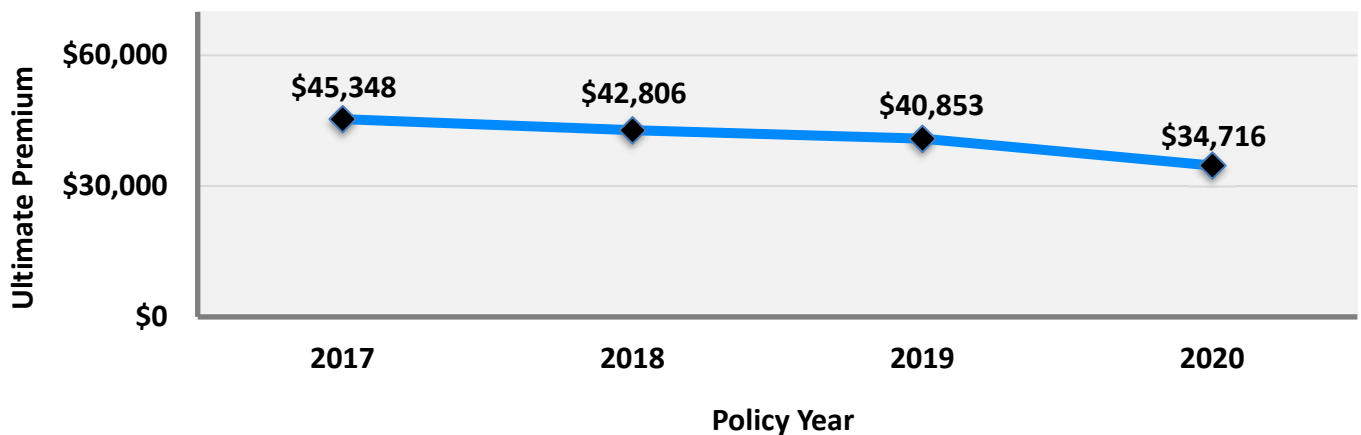
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 3rd Quarter 2021 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.



\*4th Quarter 2021 data will be available the end of April 2022 due to the timing of data reporting

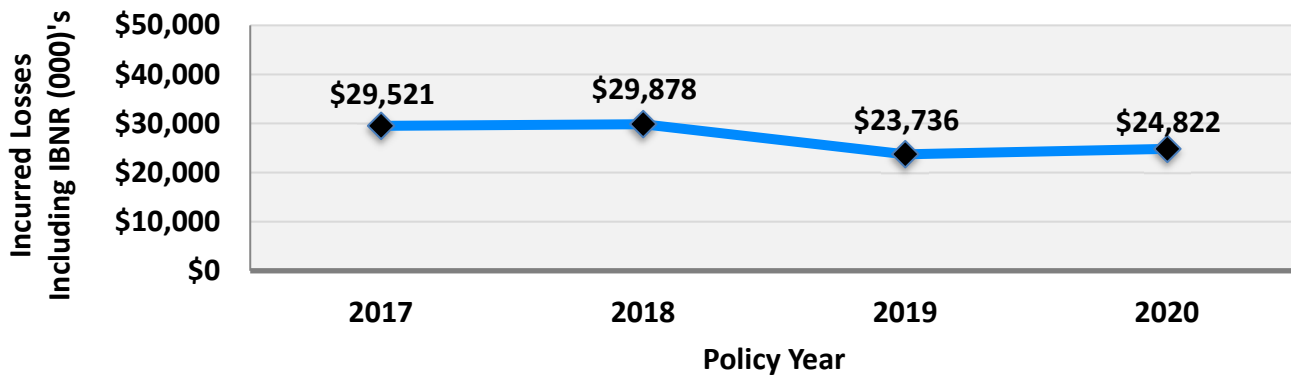


## Residual Market Demographics

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

#### Policy Year Financial Results through 3rd Quarter 2021 for 2020 and prior years\*

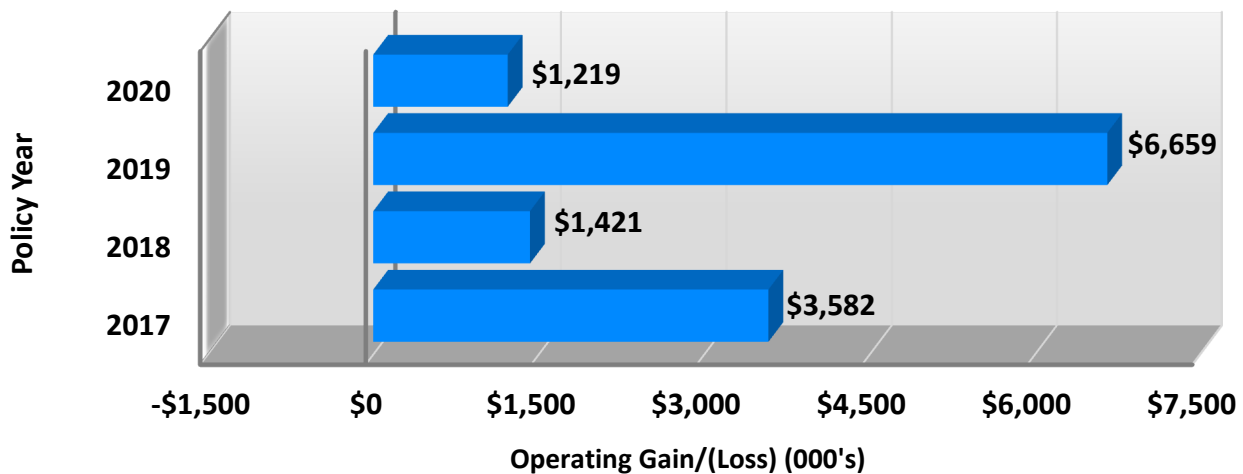
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

#### Policy Year Financial Results through 3rd Quarter 2021 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.



\*4th Quarter 2021 data will be available the end of April 2022 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 2017-2021, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 3rd Quarter 2021.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2017	46,859,111	1,511,603	3.2%
2018	44,197,397	1,391,793	3.1%
2019	42,273,984	1,384,100	3.3%
2020	35,452,764	--	--
2021	21,570,573	--	--

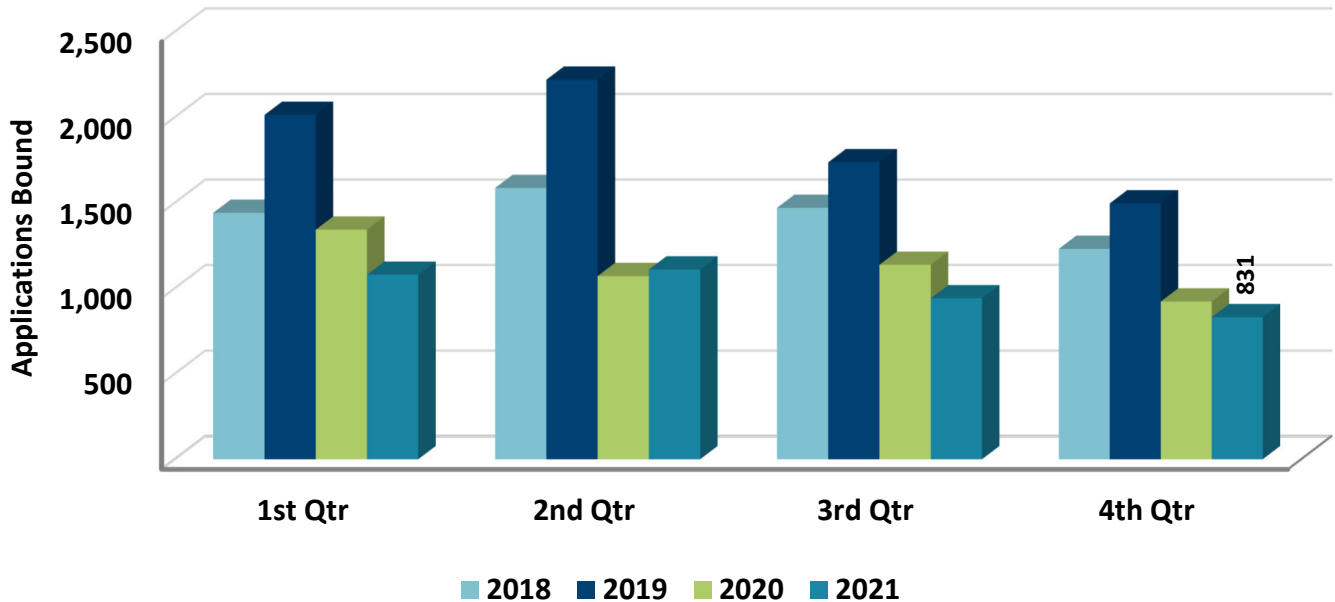
\* The uncollectible premiums provided are reported by the servicing carriers on a quarterly basis. Uncollectible premium is generally reported up to 24 months after the policy expiration date due to audit, billing, and collection requirements. Therefore, the uncollectible premium data has not yet developed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



## Residual Market Demographics

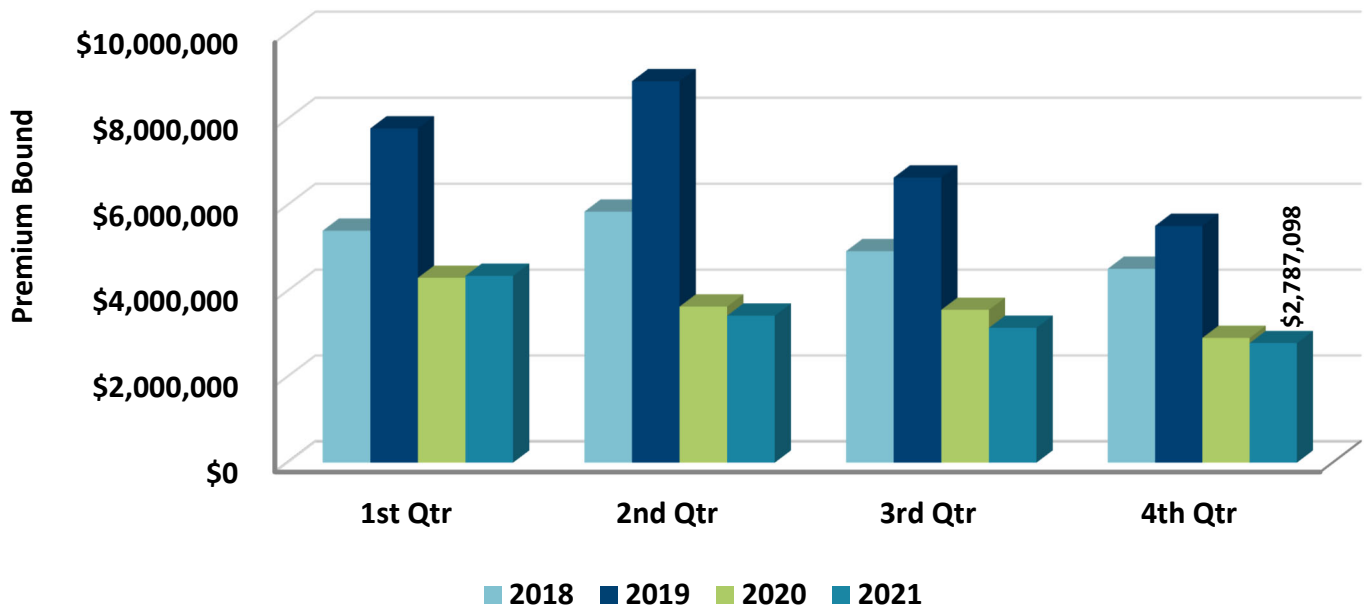
### Total Applications Bound — 2018 vs. 2019 vs. 2020 vs. 2021

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).



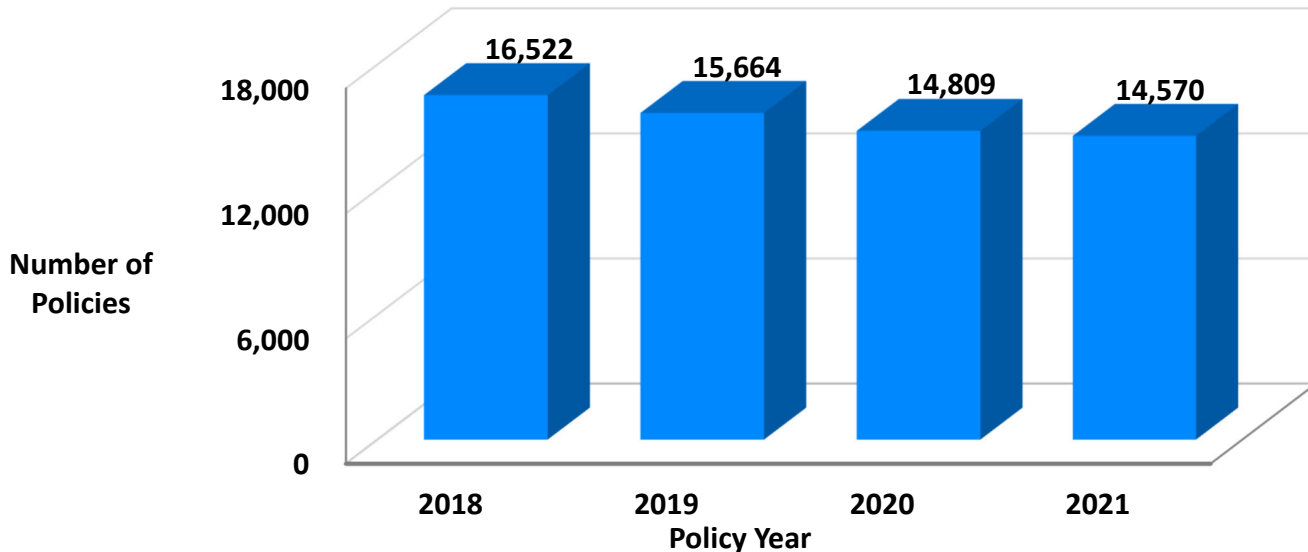


## Residual Market Demographics

### Residual Market Total Policy Counts

#### Annual Data for Policies Reported through December 31, 2021

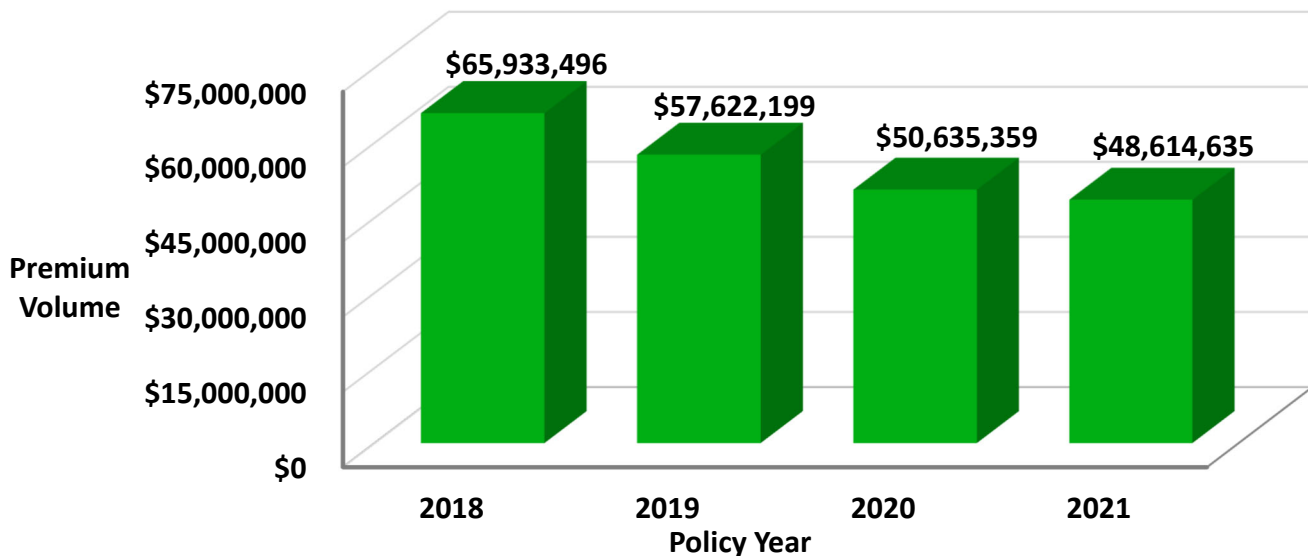
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Annual Data Reported through December 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 Annual Data Reported through December 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	10,265	70.5	10,988,134	22.6	1,070
\$2500- \$4999	2,082	14.3	7,326,652	15.1	3,519
\$5000- \$9999	1,381	9.5	9,667,528	19.9	7,000
\$10000- \$19999	577	4.0	7,856,713	16.2	13,616
\$20000- \$49999	199	1.4	5,811,344	12.0	29,203
\$50000- \$99999	46	0.3	3,078,971	6.3	66,934
\$100000- \$199999	14	0.1	1,949,256	4.0	139,233
\$2000000+	6	0.0	1,936,037	4.0	322,673
Total	14,570	100.0	48,614,635	100.0	3,337

### Annual 2020 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	10,351	69.9	11,356,511	22.4	1,097
\$2500- \$4999	2,200	14.9	7,839,723	15.5	3,564
\$5000- \$9999	1,339	9.0	9,396,387	18.6	7,017
\$10000- \$19999	615	4.2	8,366,968	16.5	13,605
\$20000- \$49999	239	1.6	7,205,687	14.2	30,149
\$50000- \$99999	48	0.3	3,378,497	6.7	70,385
\$100000- \$199999	12	0.1	1,615,065	3.2	134,589
\$2000000+	5	0.0	1,476,521	2.9	295,304
Total	14,809	100.0	50,635,359	100.0	3,419



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count Annual Data Reported through December 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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	1,269	8.7
2	7228 - Trucking-Local Hauling Only-& Drivers	862	5.9
3	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	753	5.2
4	5551 - Roofing-All Kinds & Drivers	741	5.1
5	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	569	3.9
6	5474 - Painting NOC & Shop Operations, Drivers	548	3.8
7	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	416	2.9
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	303	2.1
9	7370 - Taxicab Co. - All Other Employees & Drivers	299	2.1
10	8835 - Home, Public, And Traveling Healthcare - All Employees	270	1.9

### Residual Market Top 10 Classification Codes by Premium Volume Annual Data Reported through December 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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	3,739,954	7.7
2	5551 - Roofing-All Kinds & Drivers	3,725,969	7.7
3	7228 - Trucking-Local Hauling Only-& Drivers	2,463,809	5.1
4	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	1,696,035	3.5
5	5437 - Carpentry-Installation of Cabinet Work or Interior Trim	1,423,537	2.9
6	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	1,369,985	2.8
7	5474 - Painting NOC & Shop Operations, Drivers	1,358,428	2.8
8	9014 - Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	1,288,955	2.7
9	8279 - Stable or Breeding Farm & Drivers	1,190,865	2.4
10	8835 - Home, Public, And Traveling Healthcare - All Employees	1,060,895	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.