



Vermont Residual Market State Activity Report

First Quarter 2021



Executive Summary

NCCI, as Pool and Plan Administrator of the Vermont Workers Compensation Insurance Plan, is pleased to provide the First Quarter 2021 *Vermont 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 Vermont 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 March 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.

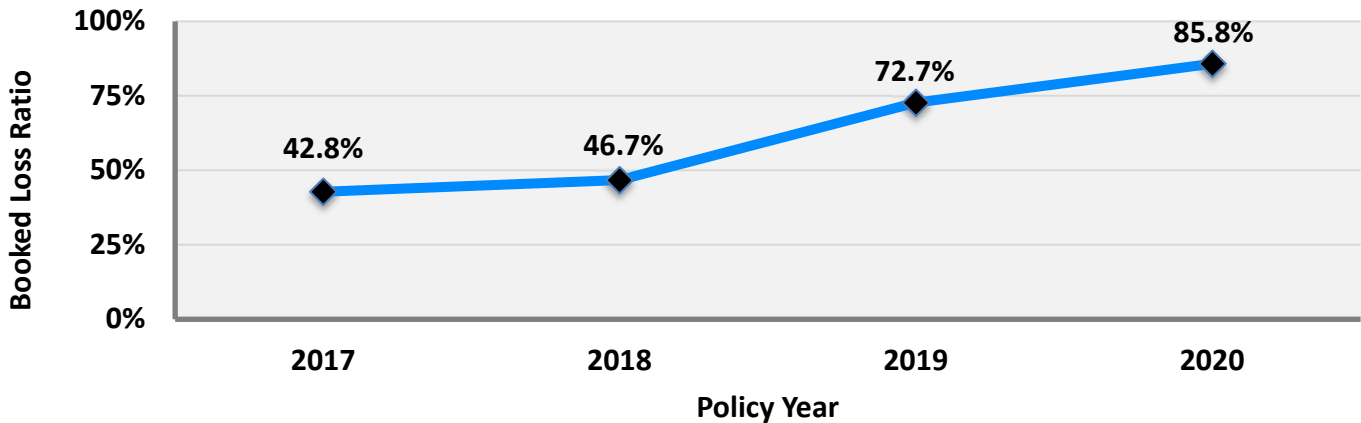
	2021	2020	2021 vs. 2020 #	2021 vs. 2020 %
Policy Count	2,640	2,786	-146	-5.2%
Premium Volume	\$14,940,185	\$14,289,475	\$650,710	4.6%



Residual Market Demographics

Vermont Residual Market Reinsurance Pool Booked Loss Ratio Policy Year Financial Results through 4th Quarter 2020 for 2020 and prior years*

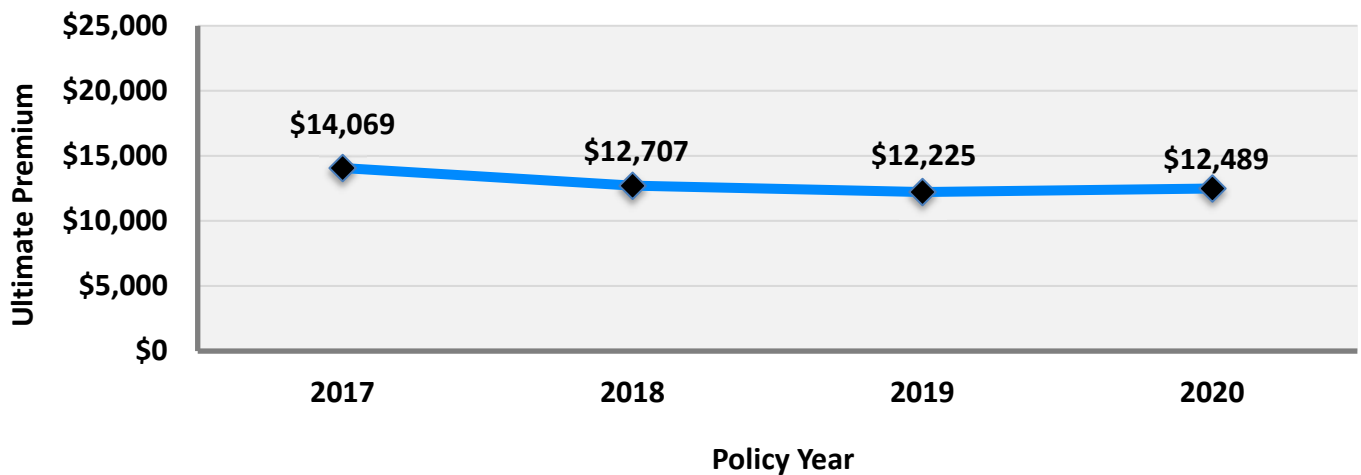
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

Policy Year Financial Results through 4th Quarter 2020 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.



*1st Quarter 2021 data will be available the end of July 2021 due to the timing of data reporting

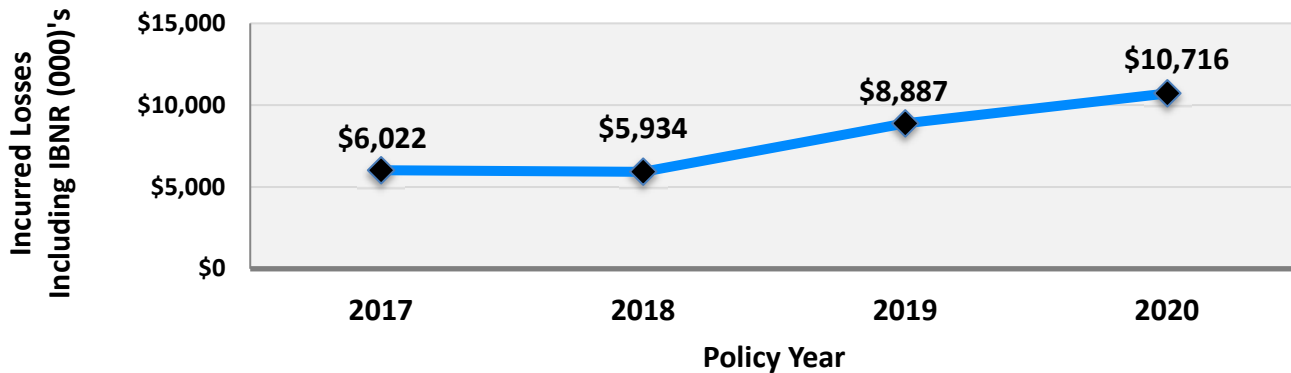


Residual Market Demographics

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

Policy Year Financial Results through 4th Quarter 2020 for 2020 and prior years*

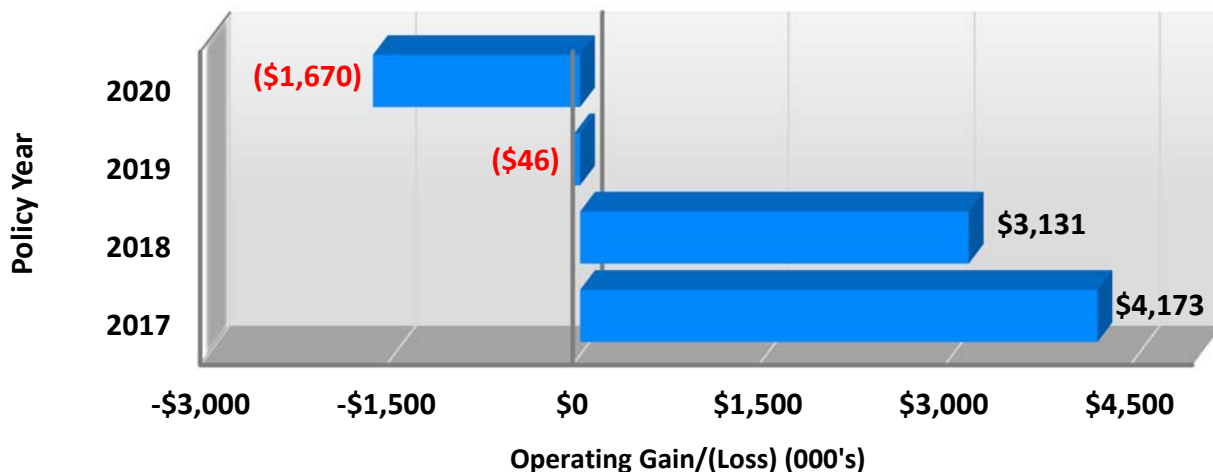
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

Policy Year Financial Results through 4th Quarter 2020 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.



*1st Quarter 2021 data will be available the end of July 2021 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 Vermont for Policy Years 2016-2020, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 4th Quarter 2020.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2016	15,445,428	101,622	0.7%
2017	14,157,267	87,814	0.6%
2018	12,827,008	119,604	0.9%
2019	12,566,881	*	N/A
2020	11,340,711	*	N/A

* 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

First Quarter Data through March 31, 2021

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 First Quarter 2021.

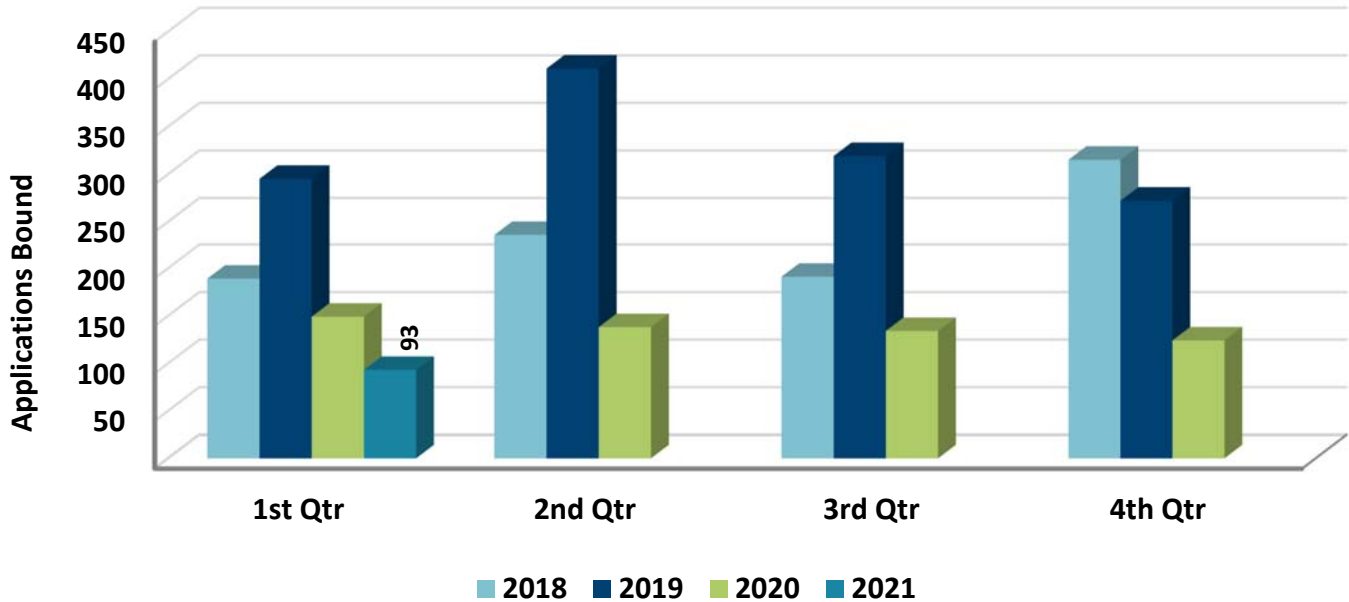
Number of Applications Reviewed by VCAP[®] Service	125
Number of VCAP[®] Service Matches	111
VCAP[®] Service Offers as a % of Matches	31.53%
Number of Confirmed VCAP[®] Service Policies	33
Confirmed VCAP[®] Service Policies as a % of Applications Reviewed	26.40%
Savings as a % of Redirected Assigned Risk Premium	3.07%



Residual Market Demographics

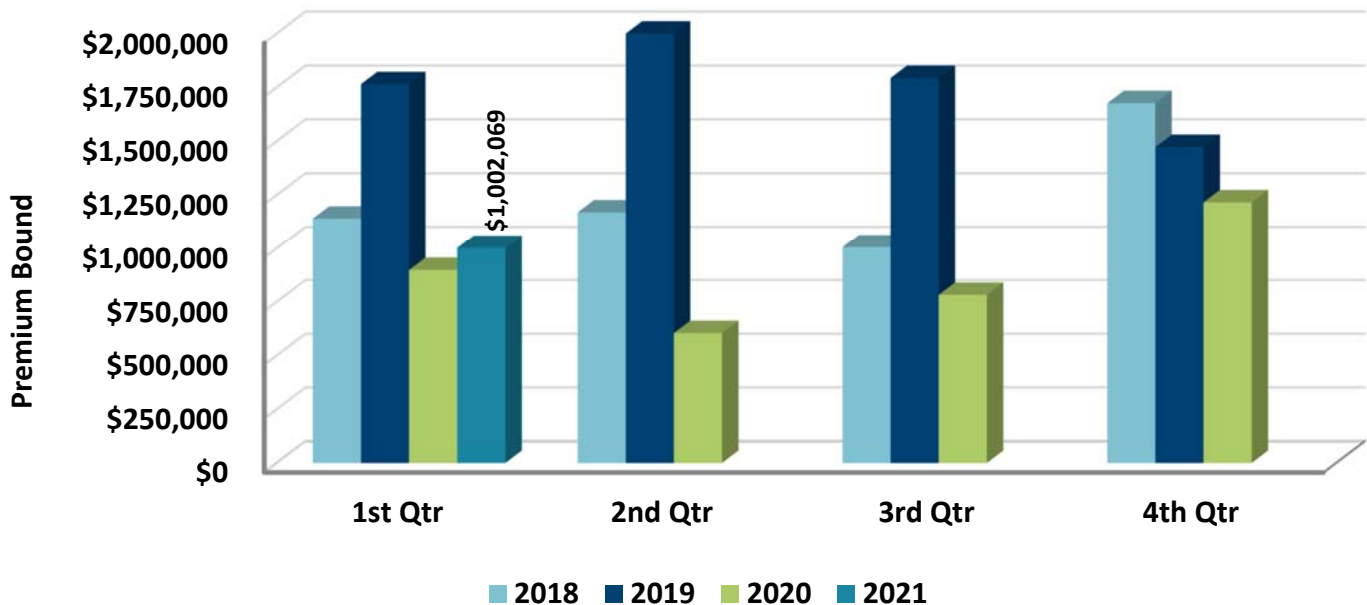
Total Applications Bound — 2018 vs. 2019 vs. 2020 vs. 2021

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).



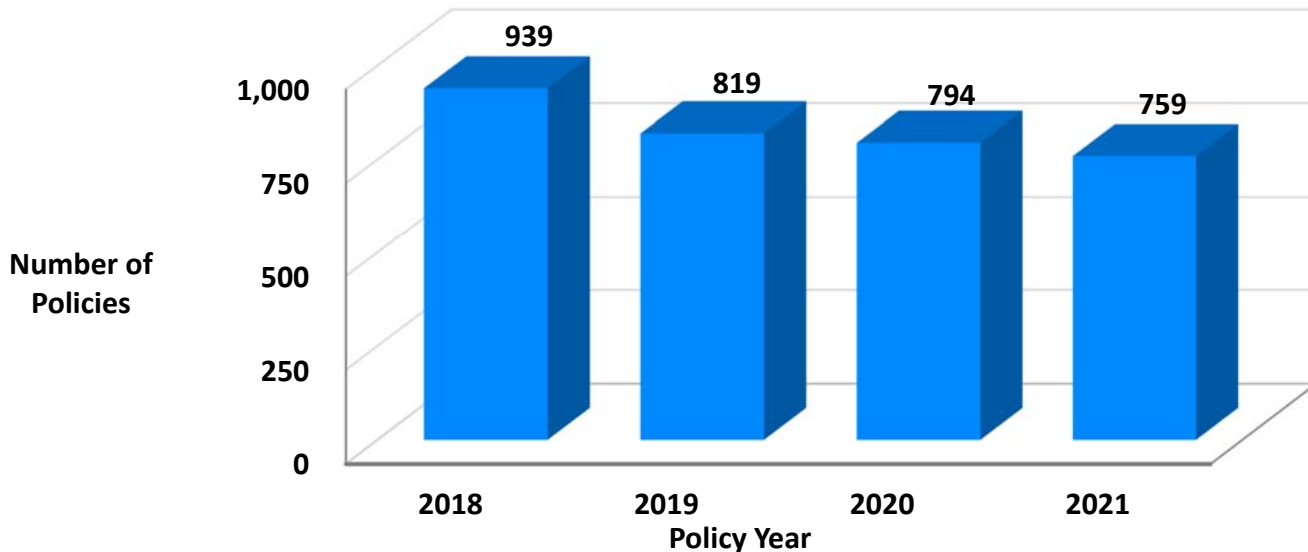


Residual Market Demographics

Residual Market Total Policy Counts

First Quarter Data for Policies Reported through March 31, 2021

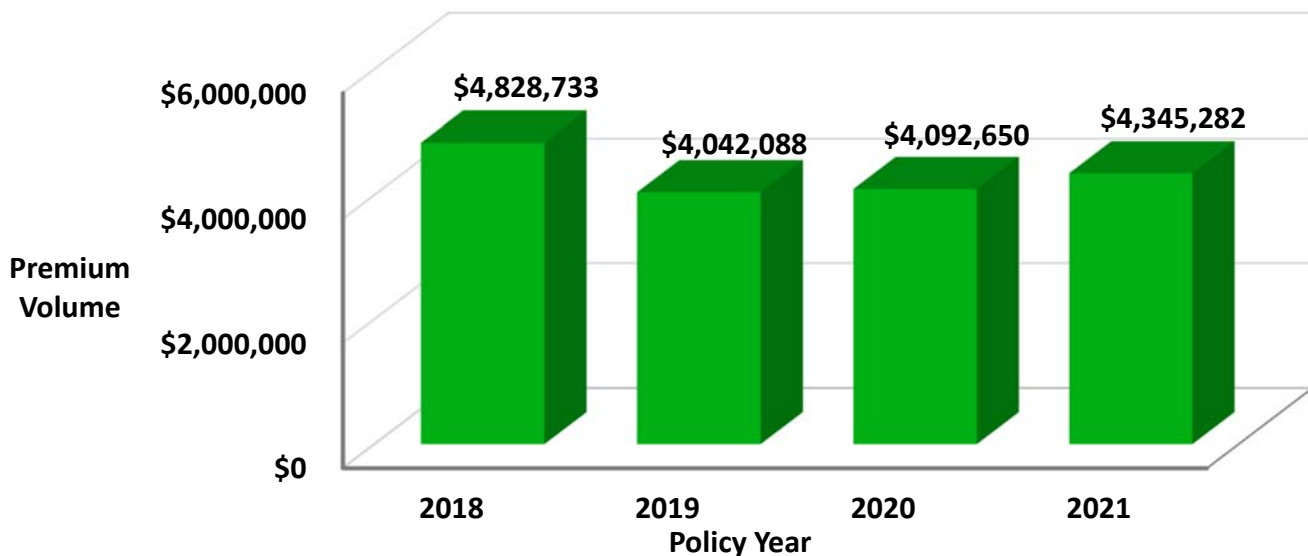
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



Residual Market Total Premium Volume

First Quarter Data Reported through March 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

First Quarter Data Reported through March 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	502	66.1	630,348	14.5	1,256
\$2500–4999	90	11.9	324,073	7.5	3,601
\$5000–9999	71	9.4	505,429	11.6	7,119
\$10000–19999	55	7.2	732,907	16.9	13,326
\$20000–49999	28	3.7	785,980	18.1	28,071
\$50000–99999	7	0.9	467,689	10.8	66,813
\$100000–199999	4	0.5	452,385	10.4	113,096
\$200000 +	2	0.3	446,471	10.3	223,236
Total	759	100.0	4,345,282	100.0	5,725

First Quarter 2020 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0–2499	529	66.6	624,639	15.3	1,181
\$2500–4999	89	11.2	317,502	7.8	3,567
\$5000–9999	71	8.9	491,945	12.0	6,929
\$10000–19999	63	7.9	875,176	21.4	13,892
\$20000–49999	32	4.0	965,900	23.6	30,184
\$50000–99999	8	1.0	548,715	13.4	68,589
\$100000–199999	2	0.3	268,773	6.6	134,387
\$200000 +	0	0.0	0	0.0	0
Total	794	100.0	4,092,650	100.0	5,154



Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count First Quarter Data Reported through March 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	7711 - Firefighters & Drivers - Volunteer	153	20.2
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	78	10.3
3	0036 - Farm: Dairy & Drivers	24	3.2
4	2021 - Sugar Manufacturing or Refining from Sugar Cane or Sugar Beets	19	2.5
5	8810 - Clerical Office Employees NOC	17	2.2
6	8868 - College - Professional Employees & Clerical	17	2.2
7	5474 - Painting NOC & Shop Operations, Drivers	14	1.8
8	0913 - Domestic Workers-Residences Full-Time	13	1.7
9	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	13	1.7
10	6217 - Excavation & Drivers	13	1.7

Residual Market Top 10 Classification Codes by Premium Volume First Quarter Data Reported through March 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	489,171	11.3
2	7711 - Firefighters & Drivers – Volunteer	449,701	10.3
3	6217 - Excavation & Drivers	244,106	5.6
4	8232 - Lumberyard New Materials Only - All Other Employees & Yard, Warehouse, Drivers	237,545	5.5
5	7710 - Firefighters & Drivers	149,772	3.4
6	8842 - Group Homes - All Employees & Salespersons, Drivers	136,942	3.2
7	8265 - Iron or Steel - Scrap Dealer & Drivers	123,327	2.8
8	9040 - Hospital - All Other Employees	123,132	2.8
9	7720 - Police Officers & Drivers	120,210	2.8
10	7705 - Ambulance Service Companies and EMS (Emergency Medical Service) Providers & Drivers	120,164	2.8



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.

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.