



# Vermont Residual Market State Activity Report

First Quarter 2024



## Executive Summary

NCCI, as Pool and Plan Administrator of the Vermont Workers Compensation Insurance Plan, is pleased to provide the First Quarter 2024 *Vermont Residual Market State Activity Report*.

Residual Market demographics contained in this report include:

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## Residual Market Demographics

### Residual Market Total Policies and Premium In Force

#### As of March 31, 2024—compared to prior year

Total number of Assigned Risk Plan policies and estimated premium volume in force reported as of the date listed above. This excludes policies that have been cancelled or expired prior to the date listed above.

The other exhibits in this report describe quarterly and year-to-date data, including policies that cancelled or expired during the timeframe.

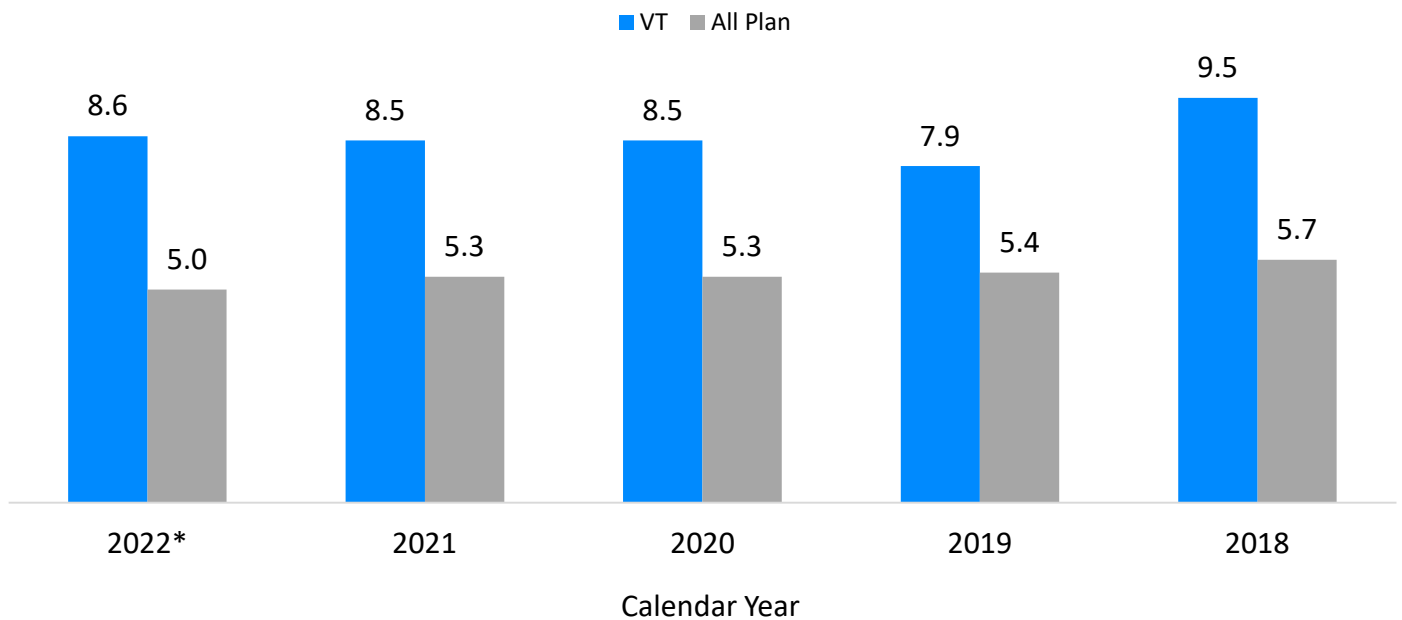
	2024	2023	2024 vs. 2023 #	2024 vs. 2023 %
<b>Policy Count</b>	2,534	2,619	-85	-3.2%
<b>Premium Volume</b>	\$14,591,685	\$14,581,384	\$10,301	0.1%



## Residual Market Demographics

### Vermont Residual Market Share Compared to All Plan Jurisdictions Market Share Calendar Years 2022 - 2018

Plan Premium as a Percentage of Direct Written Premium



\*Preliminary

**Note:** The Residual Market Share is based on residual market written premium as a percentage of total direct written premium on a calendar year basis, from financial data reported to NCCI.

Due to the nature of calendar year data, this chart provides a full year of data and is updated only once a year with the second quarter report.

This Residual Market Share is published in the **Residual Market Management Summary** within *Exhibit P* for NCCI Plan and Pool Administered states. “All Plan” jurisdictions in this chart represent the subtotal market shares for NCCI Plan-administered states within *Exhibit P*.



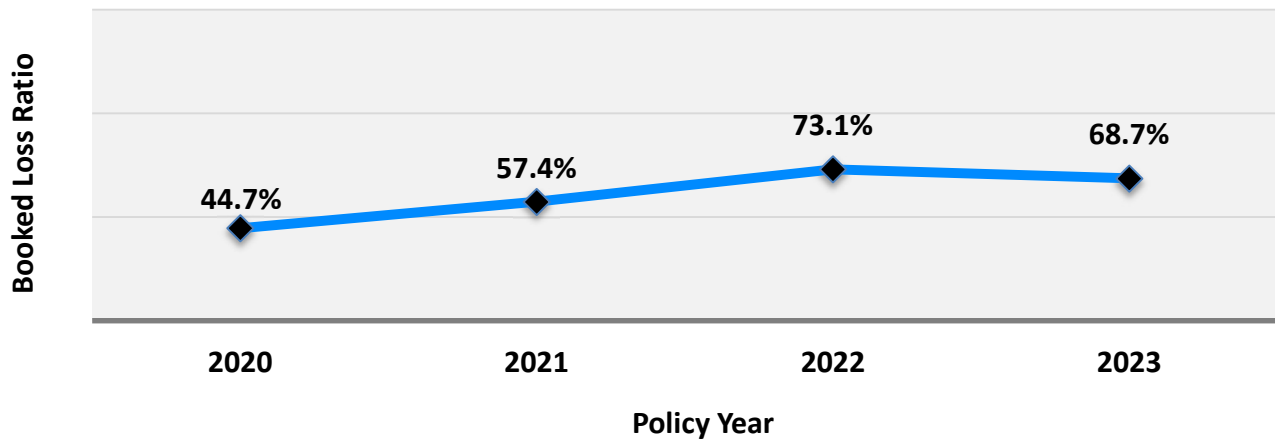
## Residual Market Demographics

### Vermont Residual Market Reinsurance Pool

Policy Year Financial Results through 4th Quarter 2023 for 2023 and prior years\*

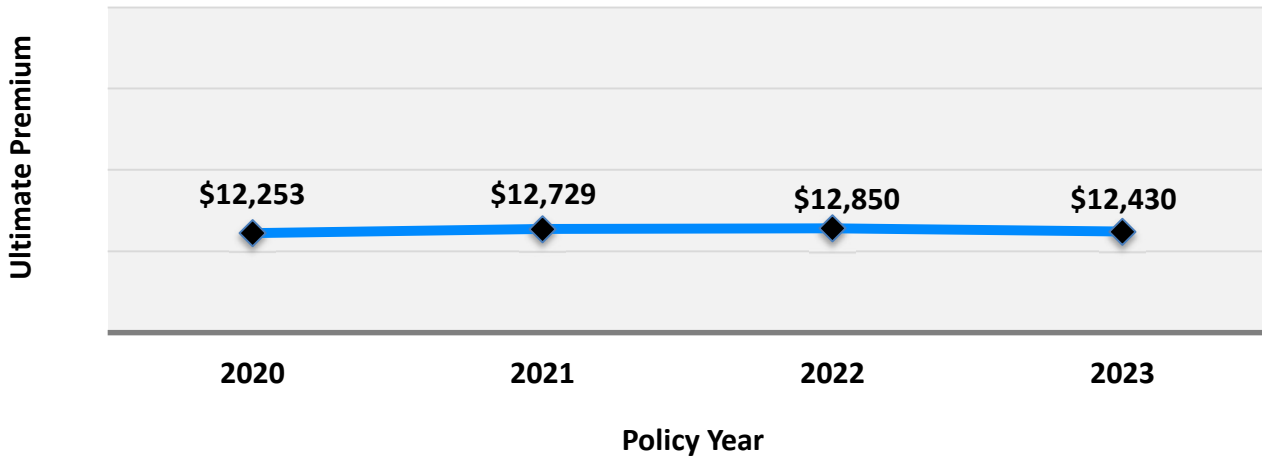
#### Booked Loss Ratio (Projected to Ultimate)

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.



#### Ultimate Net Written Premium (Projected to Ultimate) (000's)

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



\*1st Quarter 2024 data will be available the end of July 2024 due to the timing of data reporting



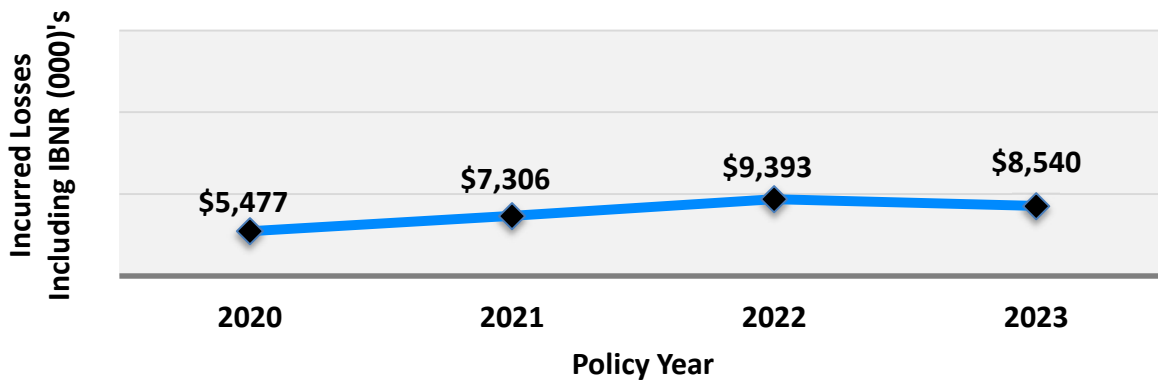
## Residual Market Demographics

### Vermont Residual Market Reinsurance Pool Continued

Policy Year Financial Results through 4th Quarter 2023 for 2023 and prior years\*

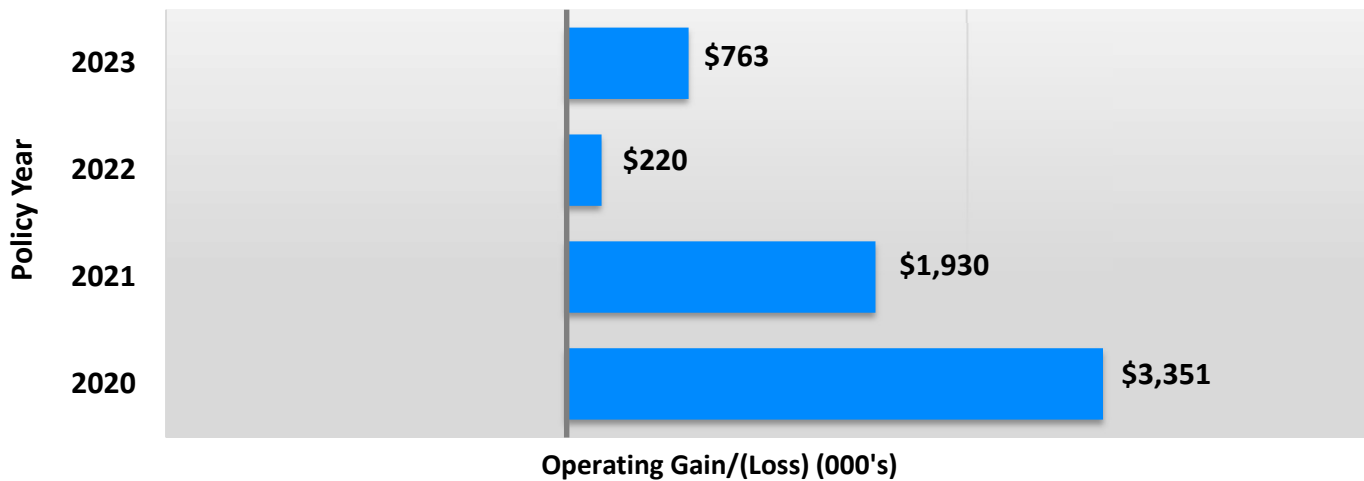
#### Net Operating Results (Projected to Ultimate)

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



#### Estimated Net Operating Gain/(Loss) (000's) (Projected to Ultimate)

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 2024 data will be available the end of July 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 Vermont for Policy Years 2019-2023, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 4th Quarter 2023.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2019	12,100,575	116,726	1.0%
2020	12,357,991	105,211	0.9%
2021	12,845,895	117,085	0.9%
2022	13,230,252	--	--
2023	11,227,006	--	--

\* 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, 2024

The volume of assigned risk applications redirected to the voluntary market through NCCI's *VCAP*<sup>®</sup> *Service*. The following shows the results *VCAP*<sup>®</sup> *Service* has provided during First Quarter 2024.

Number of Applications Reviewed by <i>VCAP</i> <sup>®</sup> <i>Service</i>	147
Associated Premium for Applications Reviewed	\$724,836.28
Number of <i>VCAP</i> <sup>®</sup> <i>Service</i> Matches	127
<i>VCAP</i> <sup>®</sup> <i>Service</i> Matches as a % of Applications Reviewed	86.39%
Number of <i>VCAP</i> <sup>®</sup> <i>Service</i> Offers	33
<i>VCAP</i> <sup>®</sup> <i>Service</i> Offers as a % of Matches	25.98%
Number of Confirmed <i>VCAP</i> <sup>®</sup> <i>Service</i> Policies	29
Confirmed <i>VCAP</i> <sup>®</sup> <i>Service</i> Policies as a % of Applications Reviewed	19.73%
Redirected Assigned Risk Premium	\$145,535.51
Associated Voluntary Market Premium	\$141,012.00
Savings	\$4,523.51
Average Savings per Application	\$155.98
Savings as a % of Redirected Assigned Risk Premium	3.11%
Redirected Premium as a % of Associated Premium for Applications Reviewed by <i>VCAP</i> <sup>®</sup> <i>Service</i>	20.08%

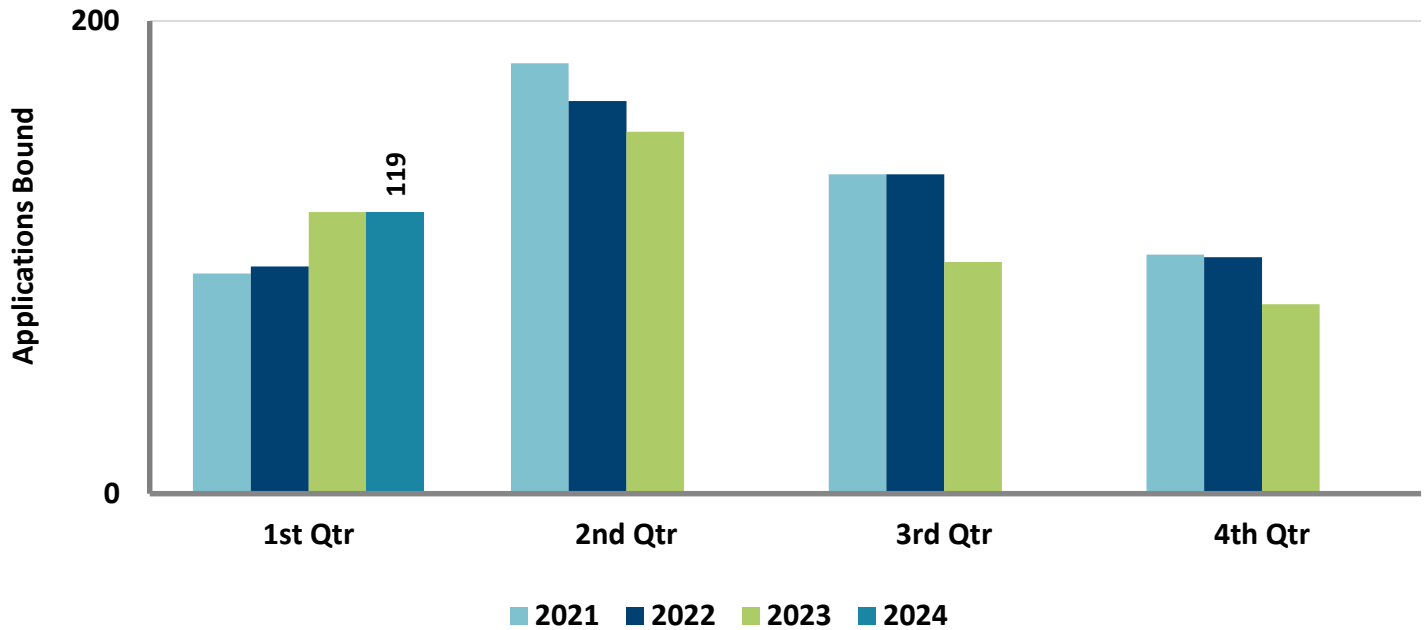




## Residual Market Demographics

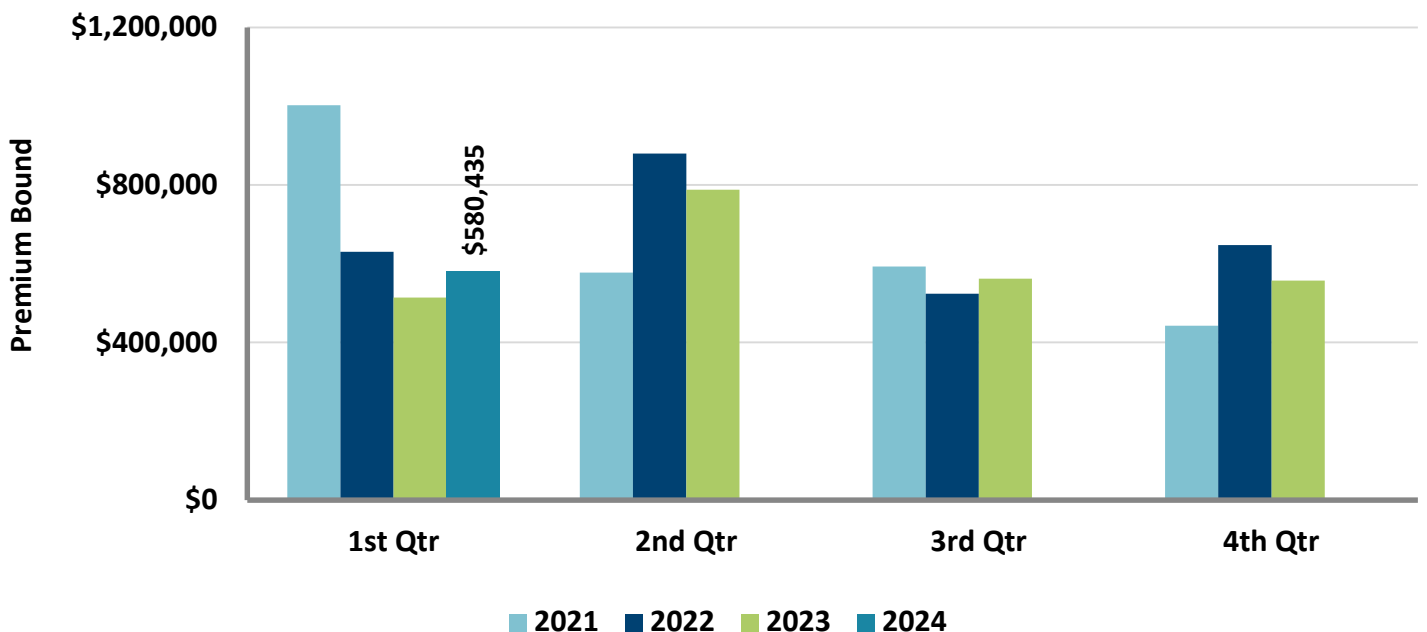
### Total Applications Bound — 2021 vs. 2022 vs. 2023 vs. 2024

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 — 2021 vs. 2022 vs. 2023 vs. 2024

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).



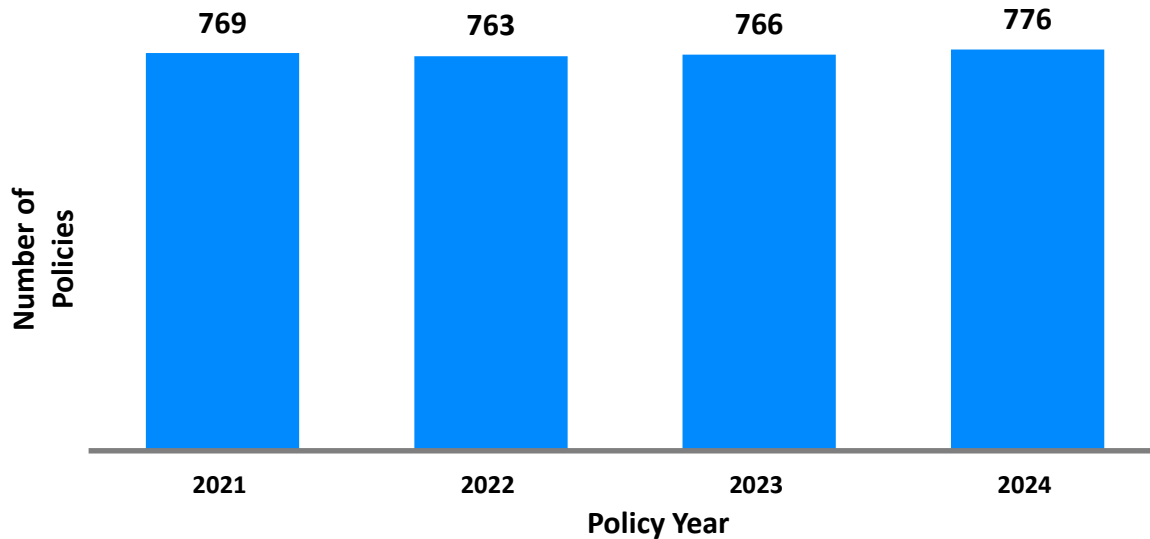


## Residual Market Demographics

### Residual Market Total Policy Counts

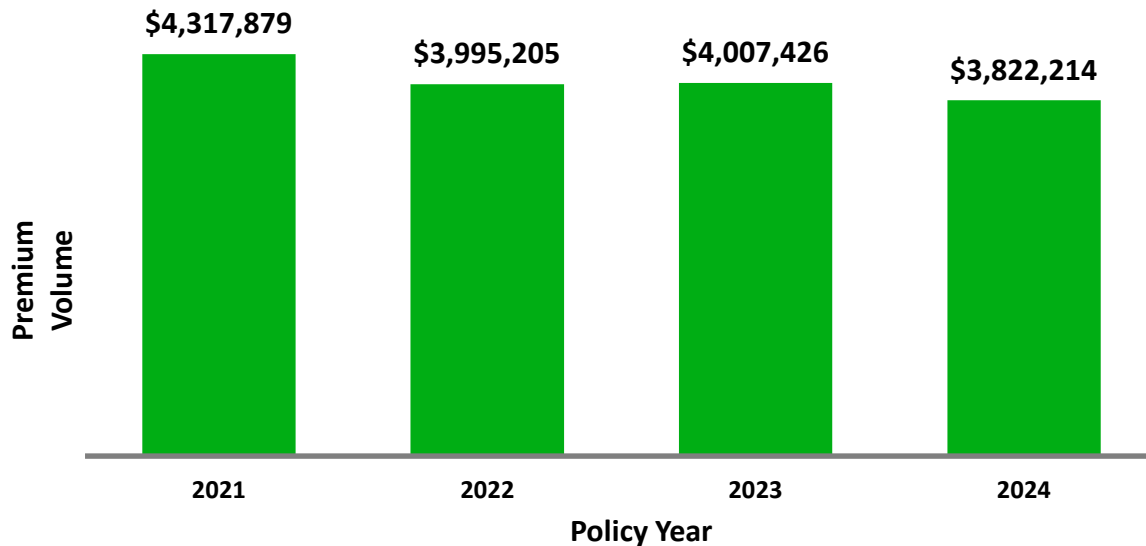
#### First Quarter Data for Policies Reported through March 31, 2024

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



### First Quarter Data for Premium Reported through March 31, 2024

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





## Residual Market Demographics

### Premium Size Profiles

The total number of Assigned Risk Plan policies and estimated annual premium totals, with effective dates during the respective timeframe (First Quarter), and reported to NCCI by March 31, 2024, by both Direct Assignment and Servicing Carriers.

### First Quarter Data Reported through March 31, 2024

Premium Size \$	Policy Count	% of Total Policies	Estimated Annual Premium \$	% of Total Premium	Average Premium \$
0- 2,499	500	64.4	585,184	15.3	1,170
2,500- 4,999	112	14.4	398,381	10.4	3,557
5,000- 9,999	72	9.3	526,716	13.8	7,316
10,000- 19,999	53	6.8	751,302	19.7	14,176
20,000- 49,999	33	4.3	1,052,356	27.5	31,890
50,000- 99,999	5	0.6	341,645	8.9	68,329
100,000- 99,999	1	0.1	166,630	4.4	166,630
200,000+	0	0.0	0	0.0	0
Total	776	100.0	3,822,214	100.0	4,926

### First Quarter 2023 Data for Comparison

Premium Size \$	Policy Count	% of Total Policies	Estimated Annual Premium \$	% of Total Premium	Average Premium \$
0- 2,499	492	64.2	566,890	14.1	1,152
2,500- 4,999	101	13.2	356,664	8.9	3,531
5,000- 9,999	78	10.2	556,525	13.9	7,135
10,000- 19,999	57	7.4	758,725	18.9	13,311
20,000- 49,999	28	3.7	892,751	22.3	31,884
50,000- 99,999	8	1.0	513,090	12.8	64,136
100,000- 99,999	1	0.1	117,186	2.9	117,186
200,000+	1	0.1	245,595	6.1	245,595
Total	766	100.0	4,007,426	100.0	5,232

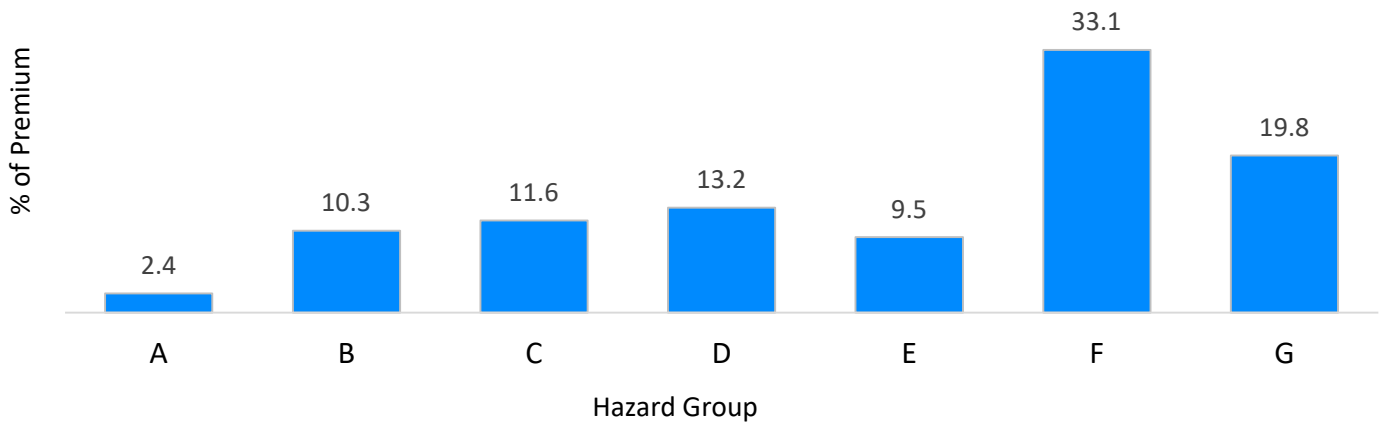


## Residual Market Demographics

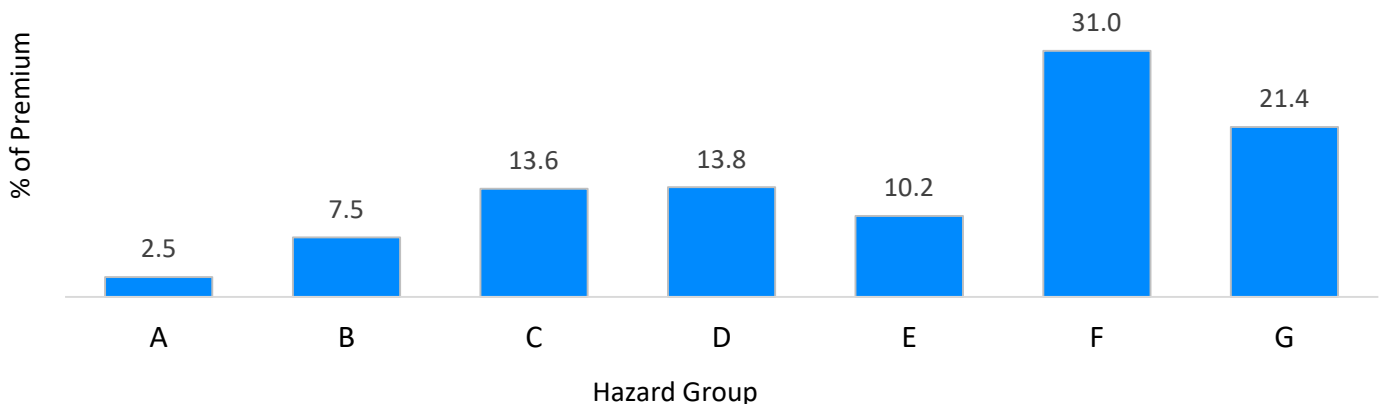
### Hazard Group Distribution

First Quarter Data Reported through **March 31, 2024**

The Hazard Groups for Assigned Risk Plan policies reported to NCCI by Direct Assignment and Servicing Carriers in a premium range as of the date listed above.



### First Quarter 2023 Data for Comparison





## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count First Quarter Data Reported through March 31, 2024

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	154	19.8
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories In Height	81	10.4
3	0036 - Farm: Dairy & Drivers	22	2.8
4	8810 - Clerical Office Employees NOC	19	2.4
5	5551 - Roofing-All Kinds & Drivers	17	2.2
6	8864 - Social Service Organization - All Employees & Salespersons, Drivers	16	2.1
7	2021 - Sugar Manufacturing or Refining from Sugar Cane or Sugar Beets	15	1.9
8	6217 - Excavation & Drivers	14	1.8
9	5445 - Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation - Within Buildings & Drivers	13	1.7
10	7219 - Trucking - NOC-All Employees & Drivers	13	1.7

### Residual Market Top 10 Classification Codes by Premium Volume First Quarter Data Reported through March 31, 2024

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	7711 - Firefighters & Drivers - Volunteer	435,966	11.4
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories In Height	294,333	7.7
3	7710 - Firefighters & Drivers	256,861	6.7
4	8292 - Storage Warehouse NOC	166,630	4.4
5	8868 - College - Professional Employees & Clerical	163,003	4.3
6	7705 - Ambulance Service Companies and Ems (Emergency Medical Service) Providers & Drivers	150,130	3.9
7	5551 - Roofing-All Kinds & Drivers	141,623	3.7
8	7720 - Police Officers & Drivers	109,264	2.9
9	3724 - Machinery Or Equipment Erection or Repair NOC & Drivers	98,220	2.6
10	8842 - Group Homes - All Employees & Salespersons, Drivers	82,478	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. This excludes policies that have been cancelled or expired prior to the 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<sup>®</sup> 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<sup>®</sup> Service** redirects coverage opportunities for employers to voluntary market insurers, which generally provide coverage at a lower cost. **VCAP<sup>®</sup> Service** provides an additional source for producers and employers to secure voluntary workers compensation coverage prior to entering the residual market for coverage.