



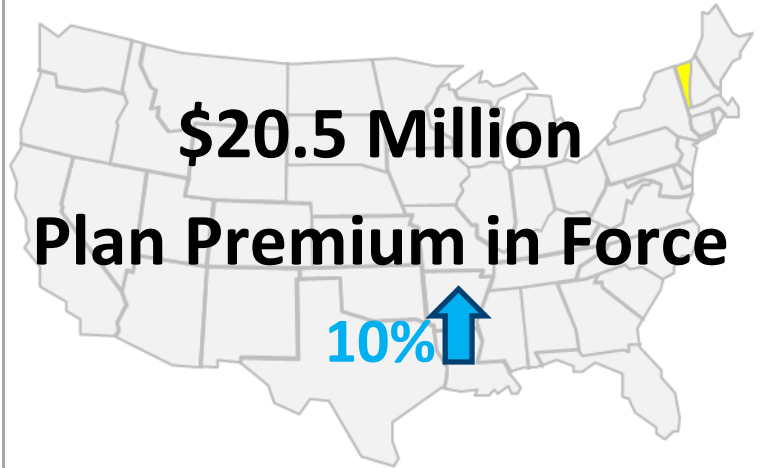
# Vermont Residual Market Performance Report

January 1, 2015 – December 31, 2015

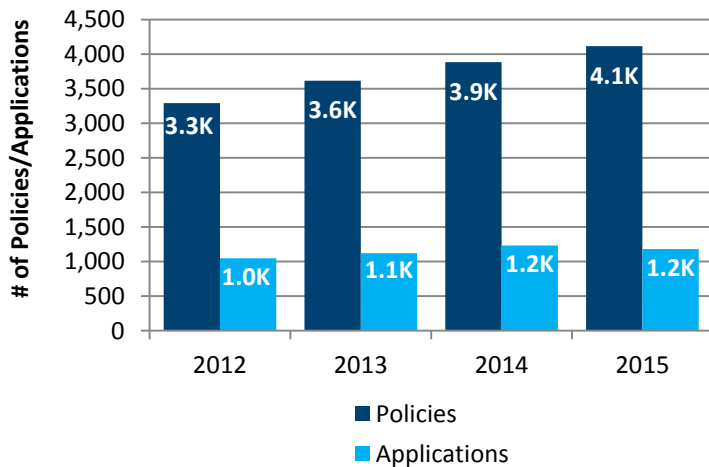
## Top 5 Class Codes\*

- 5645—Carpentry Construction (10.9%)
- 7711—Firefighters - Volunteer (4.7%)
- 8810—Clerical Employees NOC (3.2%)
- 8835—Nursing-Home Health (2.8%)
- 5474—Painting NOC (2.6%)

\*By policy count



## Total Policy Count 6% ↑



**VCAP<sup>®</sup> Service**  
**Redirected**  
**\$74K**  
**Premium**

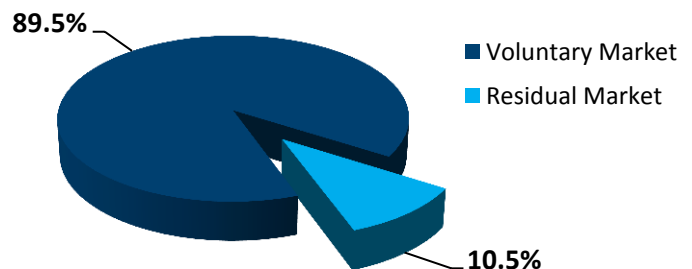
## Avg Policy Size

**\$5,024** 3% ↑

## Policies with Premium 100K+

**\$3.1M** 2% ↑

## 2015 Market Share



2015 policy and estimated annual premium data, compared to 2014.



# Vermont Residual Market Performance Report

January 1, 2015 – December 31, 2015

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# Vermont Residual Market Performance Report

*January 1, 2015 – December 31, 2015*

## Executive Summary

NCCI, as Pool and Plan Administrator of the Vermont Workers Compensation Insurance Plan, is pleased to provide the Annual 2015 Residual Market State Activity Report.

Readers will notice an update of the key measurement factors and issues relating to the operation of the Vermont Plan. NCCI has enhanced our data reporting tools to provide a more accurate picture of what is happening in your state.

If you have any questions or comments about this report, please feel free to contact any of the individuals listed below.

Laura Backus Hall, State Relations Executive	(802) 454-1800
Althea Keen, Business Operations Analyst	(561) 893-3618



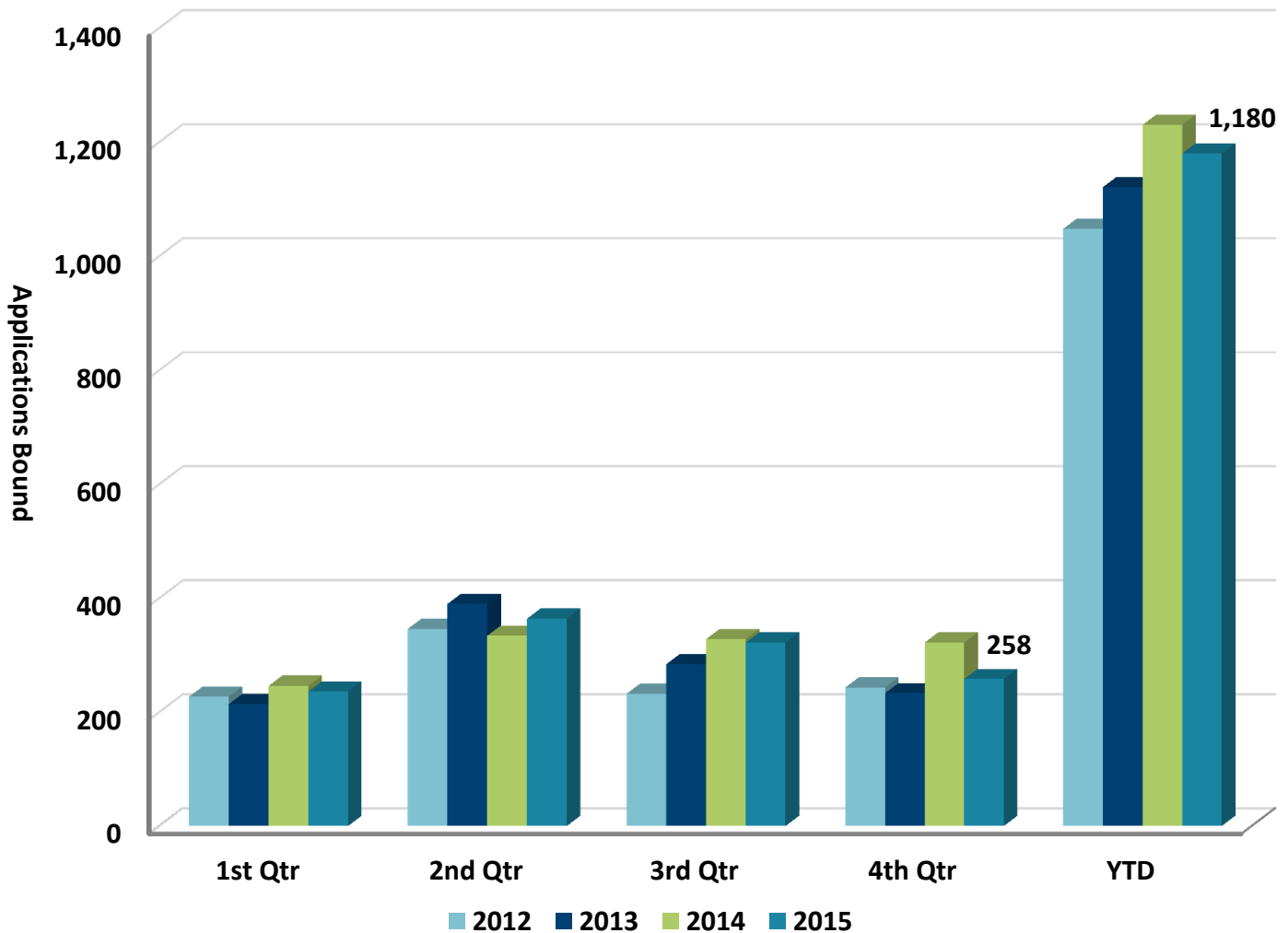
# Vermont Residual Market Performance Report

January 1, 2015 – December 31, 2015

## Residual Market Demographics

### Total Applications Bound 2012 vs. 2013 vs. 2014 vs. 2015

The number of applications—both new and churn—that are assigned to a Servicing Carrier or a Direct Assignment Carrier (if applicable).





# Vermont Residual Market Performance Report

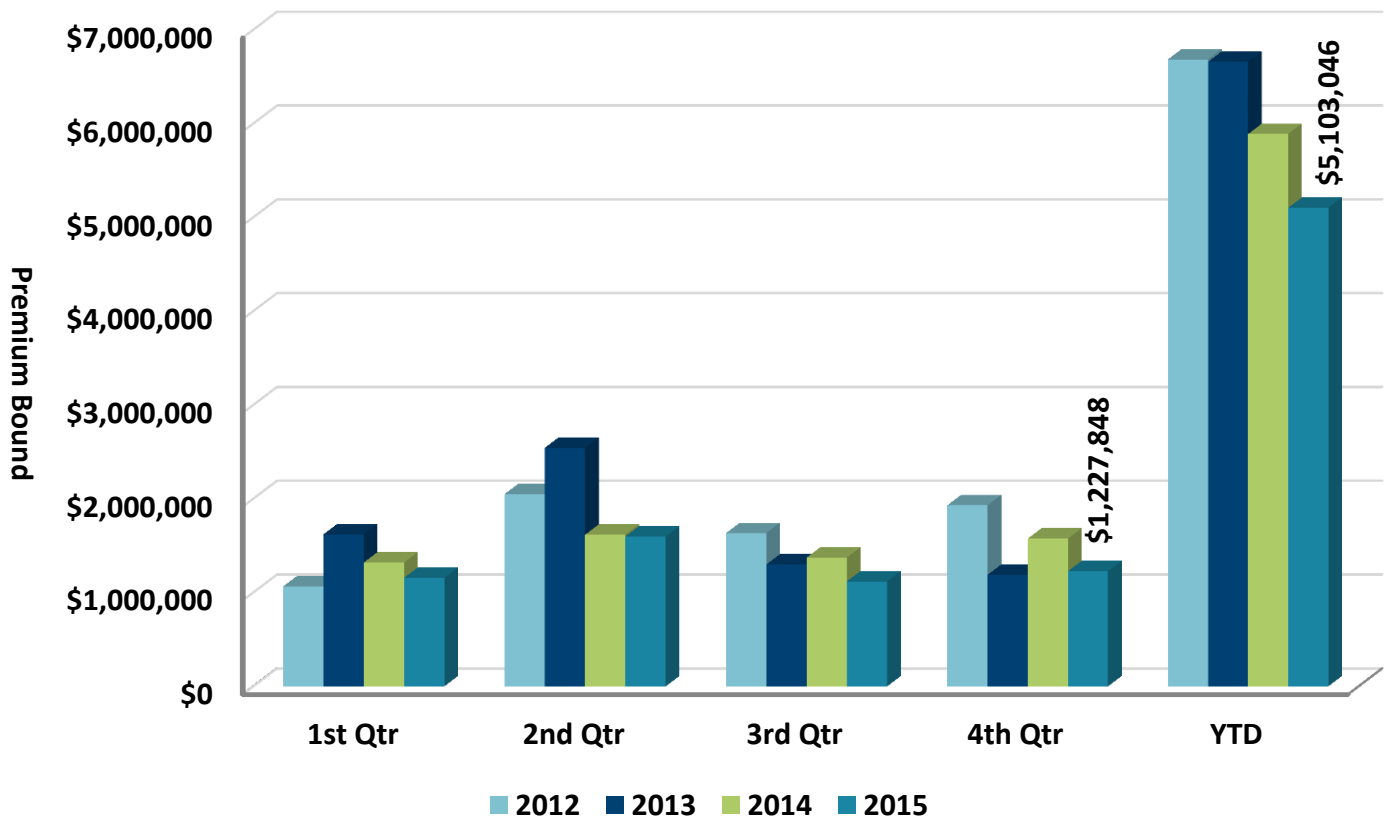
January 1, 2015 – December 31, 2015

## Residual Market Demographics

### Total Application Premium Bound

#### 2012 vs. 2013 vs. 2014 vs. 2015

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).





# Vermont Residual Market Performance Report

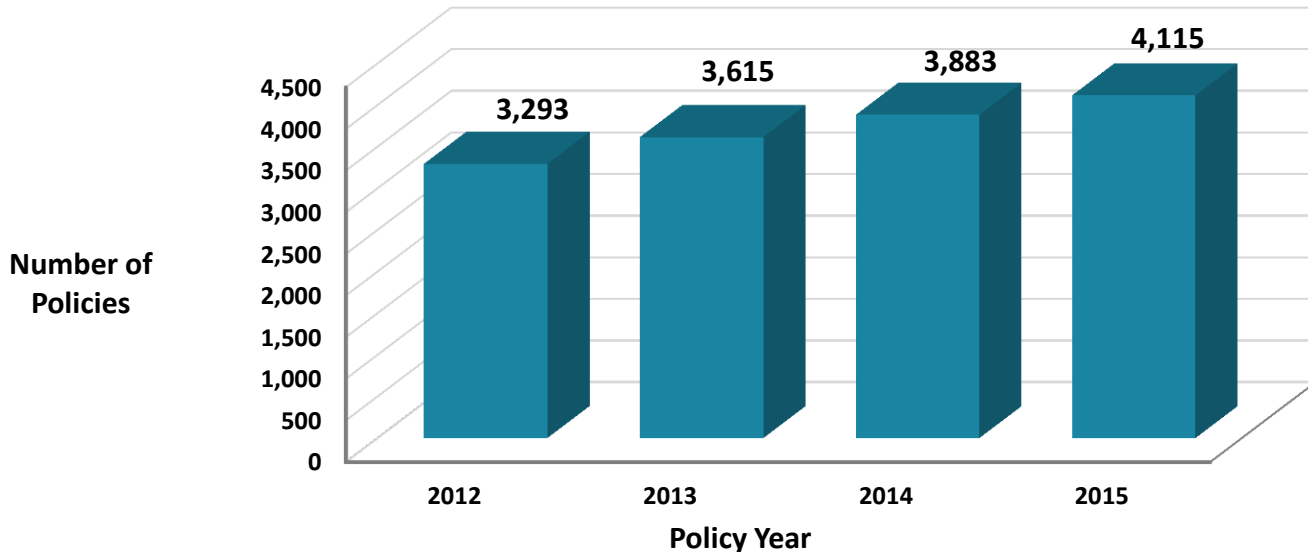
January 1, 2015 – December 31, 2015

## Residual Market Demographics

### Residual Market Total Policy Counts

#### Annual Data for Policies Reported through December 31, 2015

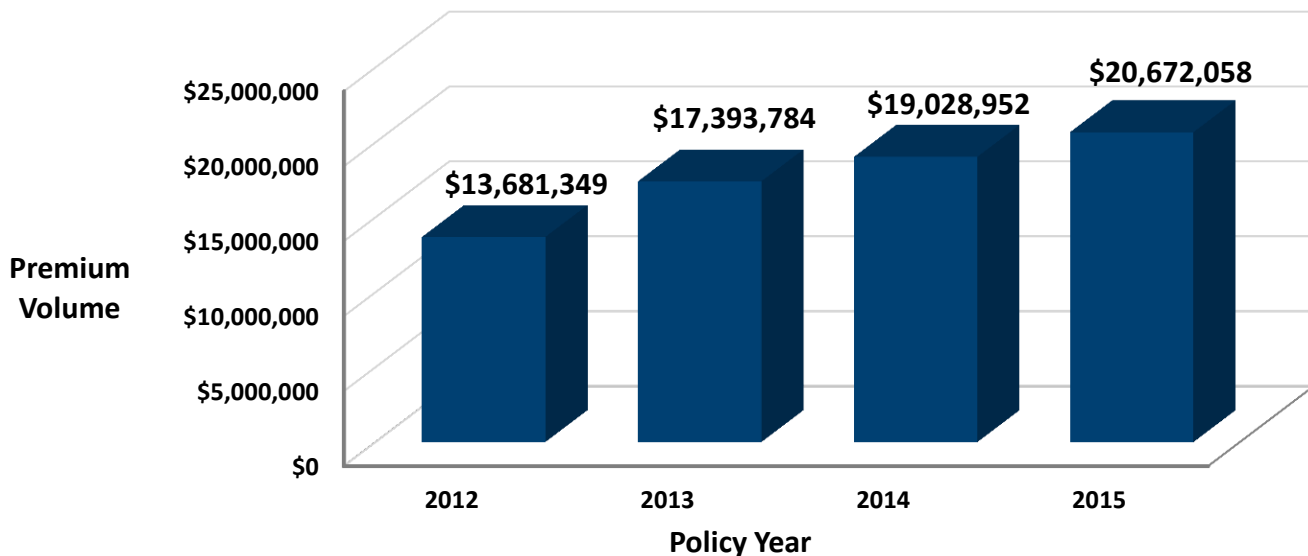
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Annual Data Reported through December 31, 2015

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





# Vermont Residual Market Performance Report

January 1, 2015 – December 31, 2015

## Residual Market Demographics

### Residual Market Total Policies and Premium in Force

As of December 31, 2015—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.

	2014	2015	2014 vs. 2015 #	2014 vs. 2015 %
<b>Policy Count</b>	3,820	4,049	229	6.0%
<b>Premium Volume</b>	\$18,726,135	\$20,514,578	\$1,788,443	9.6%



# Vermont Residual Market Performance Report

January 1, 2015 – December 31, 2015

## Residual Market Demographics

### Total Premium Distribution by Size of Risk

#### Annual Data Reported through December 31, 2015

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	2,732	66.4%	\$2,639,577	12.8%	\$966
\$2500–4999	541	13.2%	\$1,944,307	9.4%	\$3,593
\$5000–9999	407	9.9%	\$2,814,431	13.6%	\$6,915
\$10000–19999	239	5.8%	\$3,321,255	16.1%	\$13,896
\$20000–49999	143	3.5%	\$4,524,411	21.9%	\$31,639
\$50000–99999	35	0.9%	\$2,358,664	11.4%	\$67,390
\$100000–199999	15	0.4%	\$2,198,318	10.6%	\$146,554
\$200000 +	3	0.1%	\$871,095	4.2%	\$290,365
Total	4,115	100.0%	\$20,672,058	100.0%	\$5,024

### Annual 2014 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium	% of Total Premium	Average Premium
\$0–2499	2,605	67.1%	\$2,443,655	12.8%	\$938
\$2500–4999	504	13.0%	\$1,800,029	9.5%	\$3,571
\$5000–9999	370	9.5%	\$2,605,635	13.7%	\$7,042
\$10000–19999	216	5.6%	\$2,959,980	15.6%	\$13,703
\$20000–49999	138	3.6%	\$4,129,618	21.7%	\$29,924
\$50000–99999	31	0.8%	\$2,072,095	10.9%	\$66,841
\$100000–199999	16	0.4%	\$2,211,355	11.6%	\$138,209
\$200000 +	3	0.1%	\$806,585	4.2%	\$268,861
Total	3,883	100.0%	\$19,028,952	100.0%	\$4,901





# Vermont Residual Market Performance Report

January 1, 2015 – December 31, 2015

## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count

#### Annual Data Reported through December 31, 2015

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	Description*	Policy Count	% of Policies
1	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories In Height	447	10.9%
2	7711	Firefighters & Drivers - Volunteer	192	4.7%
3	8810	Clerical Office Employees NOC	130	3.2%
4	8835	Nursing-Home Health Public And Traveling-All Employees	117	2.8%
5	5474	Painting NOC & Shop Operations Drivers	106	2.6%
6	5403	Carpentry NOC	104	2.5%
7	6217	Excavation & Drivers	97	2.4%
8	0913	Domestic Workers-Residences Full-Time	96	2.3%
9	0036	Farm: Dairy & Drivers	91	2.2%
10	9102	Park NOC-All Employees & Drivers	89	2.2%

### Residual Market Top 10 Classification Codes by Premium Volume

#### Annual Data Reported through December 31, 2015

The top ten 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	Description*	Premium	% of Premium
1	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories In Height	\$2,080,975	10.1%
2	7705	Ambulance Service Companies And EMS (Emergency Medical Service) Providers & Drivers	\$954,327	4.6%
3	8824	Retirement Living Centers: Health Care Employees	\$867,034	4.2%
4	7228	Trucking-Local Hauling Only-& Drivers	\$777,038	3.8%
5	5551	Roofing-All Kinds & Drivers	\$751,330	3.6%
6	7711	Firefighters & Drivers - Volunteer	\$636,660	3.1%
7	8810	Clerical Office Employees NOC	\$526,864	2.6%
8	9015	Buildings-Operation By Owner or Lessee	\$474,528	2.3%
9	9014	Janitorial Services By Contractors-No Window Cleaning Above Ground Level & Drivers	\$470,302	2.3%
10	8868	College: Professional Employees & Clerical	\$449,811	2.2%

\*Class code descriptions provided are for reference only. For further information, please see NCCI manuals (Basic and/or Scopes Manual).



# Vermont Residual Market Performance Report

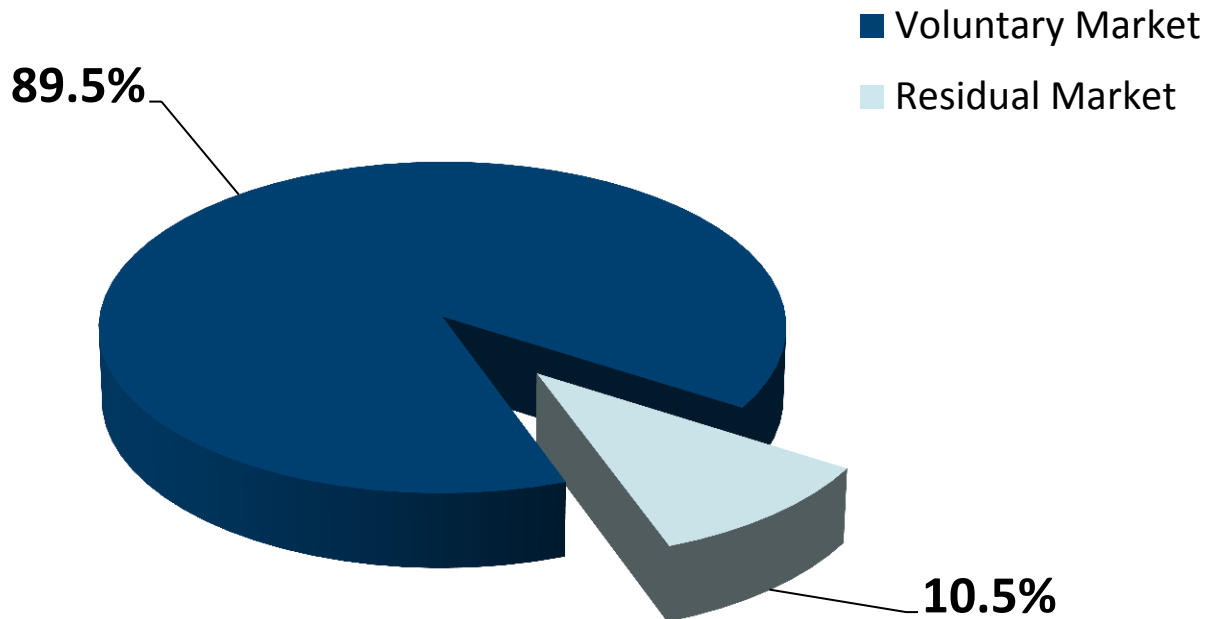
January 1, 2015 – December 31, 2015

## Residual Market Demographics

### Residual Market Share

Annual Data through December 31, 2015

States estimated residual market share compared to the voluntary market share by written premium.





# Vermont Residual Market Performance Report

January 1, 2015 – December 31, 2015

## Residual Market Demographics

### Voluntary Coverage Assistance Program

#### Annual Data through December 31, 2015

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 2015.

Number of Applications Reviewed by <b>VCAP<sup>®</sup> Service</b>	1,188
Associated Premium for Applications Reviewed	\$5,176,636.94
Number of <b>VCAP<sup>®</sup> Service</b> Matches	314
<b>VCAP<sup>®</sup> Service</b> Matches as a % of Applications Reviewed	26.43%
Number of <b>VCAP<sup>®</sup> Service</b> Offers	8
<b>VCAP<sup>®</sup> Service</b> Offers as a % of Matches	2.55%
Number of Confirmed <b>VCAP<sup>®</sup> Service</b> Policies	8
Confirmed <b>VCAP<sup>®</sup> Service</b> Policies as a % of Applications Reviewed	0.67%
Redirected Assigned Risk Premium	\$74,419.18
Associated Voluntary Market Premium	\$77,130.00
Savings	-\$2,710.82
Average Savings per Application	-\$338.85
Savings as a % of Redirected Assigned Risk Premium	-3.64%
Redirected Premium as a % of Associated Premium for Applications Reviewed by <b>VCAP<sup>®</sup> Service</b>	1.44%



# Vermont Residual Market Performance Report

January 1, 2015 – December 31, 2015

## Residual Market Demographics

### Collections/Indemnification

The following shows a comparison of gross written premium and uncollectible premium reported in Vermont for Policy Years 2011-2015, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through Third Quarter 2015.

Policy Year	Gross Written Premium	Uncollectible Premium	Percentage
2011	\$8,363,862	\$273,837	3.3%
2012	\$12,007,078	\$192,097	1.6%
2013	\$16,010,409	\$507,480	3.2%
2014	\$17,625,259	\$204,503	1.2%
2015	\$11,201,883	*	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.



# Vermont Residual Market Performance Report

January 1, 2015 – December 31, 2015

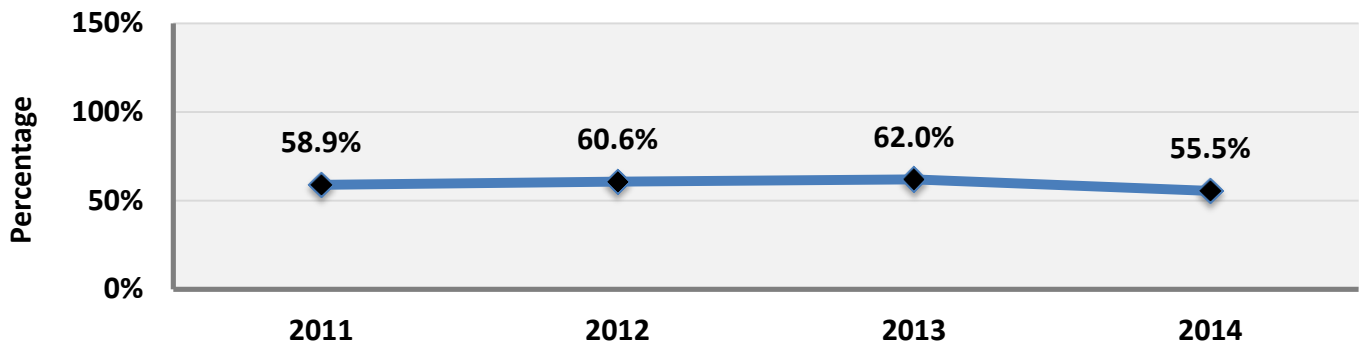
## Residual Market Demographics

### Vermont Residual Market Reinsurance Pool Booked Loss Ratio

#### Policy Year Financial Results through 3rd Quarter 2015 for 2014 and prior years\*

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

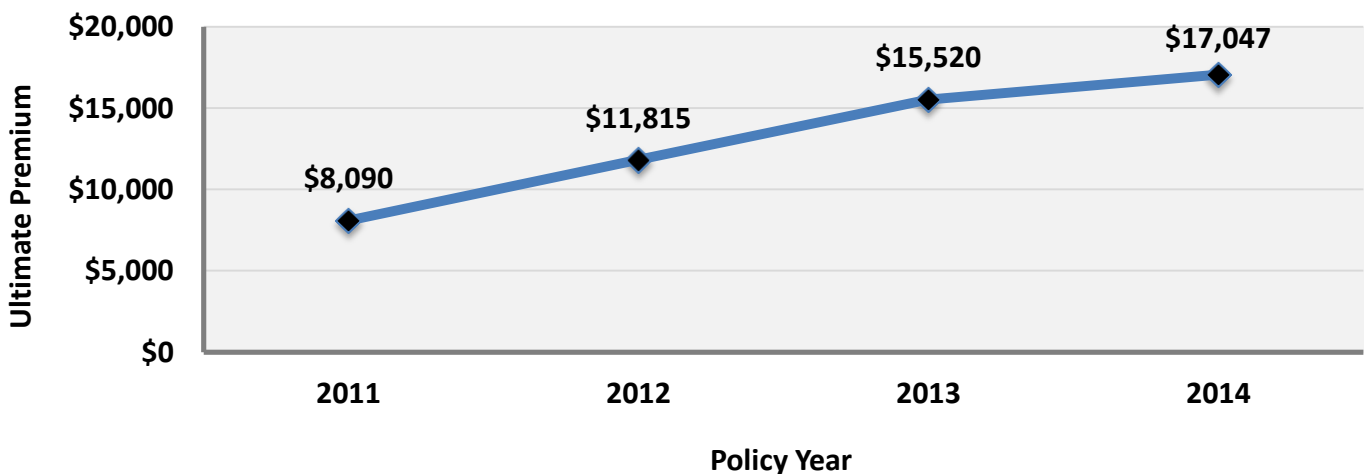
### Booked Loss Ratio



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

#### Policy Year Financial Results through 3rd Quarter 2015 for 2014 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.



\* Fourth Quarter 2015 data will be available the end of April 2016 due to the timing of data reporting.



# Vermont Residual Market Performance Report

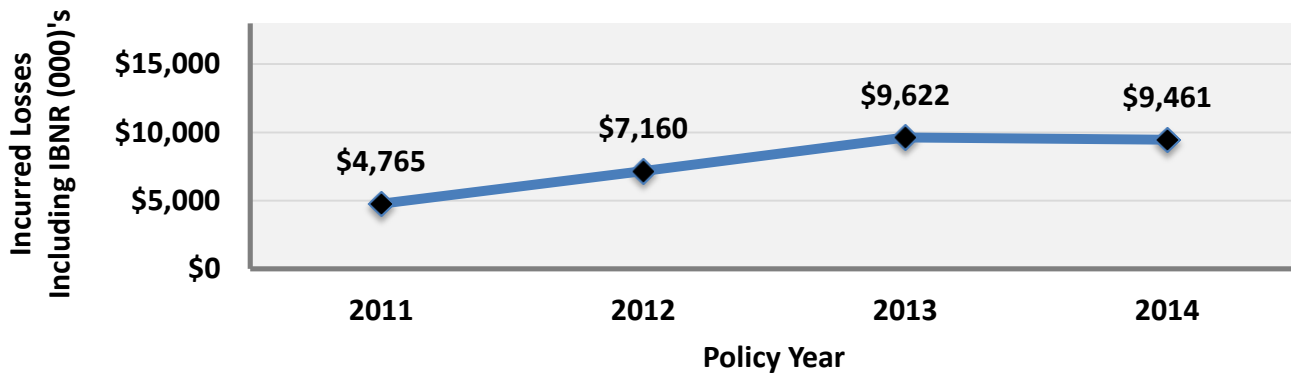
January 1, 2015 – December 31, 2015

## Residual Market Demographics

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

#### Policy Year Financial Results through 3rd Quarter 2015 for 2014 and prior years\*

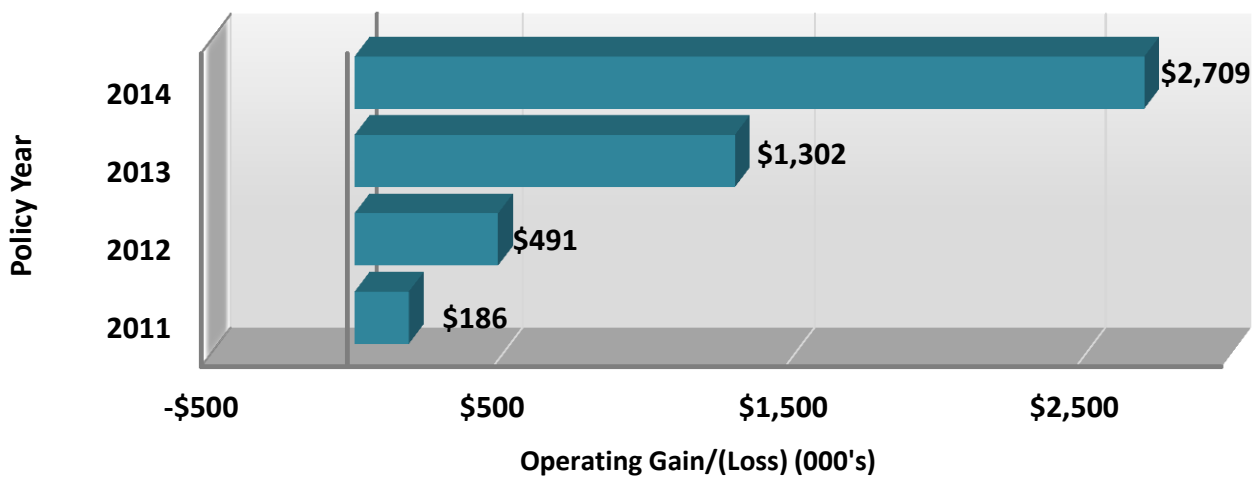
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

#### Policy Year Financial Results through 3rd Quarter 2015 for 2014 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.



\* Fourth Quarter 2015 data will be available the end of April 2016 due to the timing of data reporting.



# Vermont Residual Market Performance Report

January 1, 2015 – December 31, 2015

## 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.

**Residual Market Share**—The ratio of assigned risk premium (pool plus direct assignment) to the total net direct written premium.

**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.