



Vermont Residual Market State Activity Report

Third Quarter 2024



Executive Summary

NCCI, as Pool and Plan Administrator of the Vermont Workers Compensation Insurance Plan, is pleased to provide the Third 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 September 30, 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.

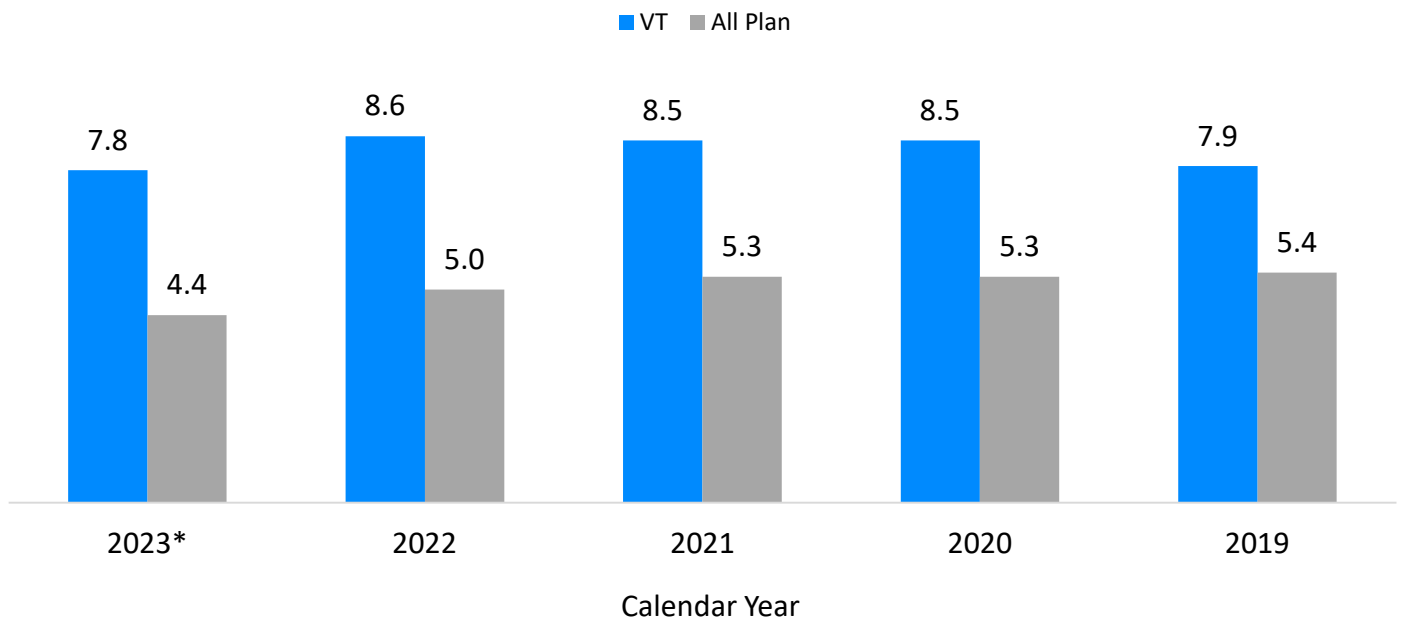
	2024	2023	2024 vs. 2023 #	2024 vs. 2023 %
Policy Count	2,514	2,596	-82	-3.2%
Premium Volume	\$15,236,386	\$15,086,371	\$150,015	1.0%



Residual Market Demographics

Vermont Residual Market Share Compared to All Plan Jurisdictions Market Share Calendar Years 2023 - 2019

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*.



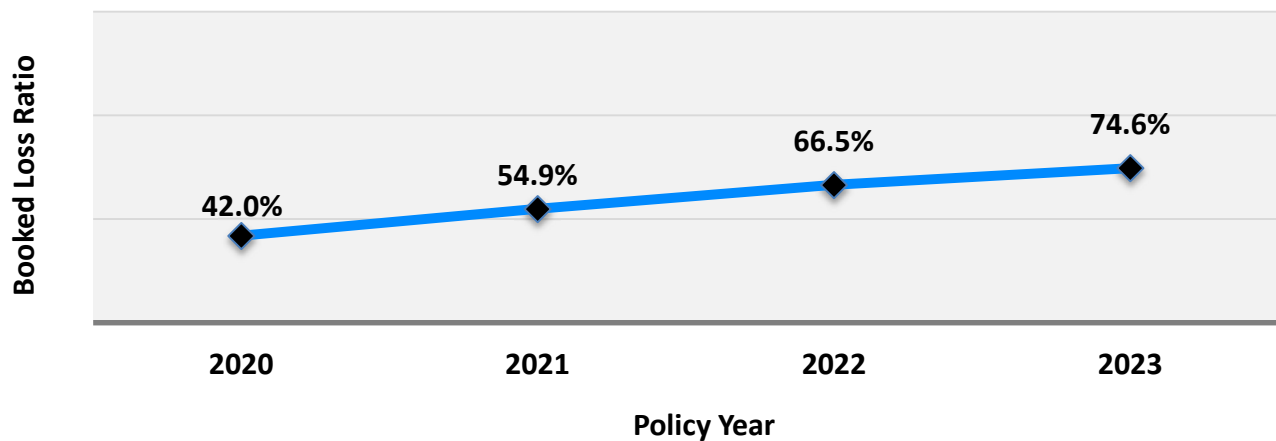
Residual Market Demographics

Vermont Residual Market Reinsurance Pool

Policy Year Financial Results through 2nd Quarter 2024 for 2023 and prior years*

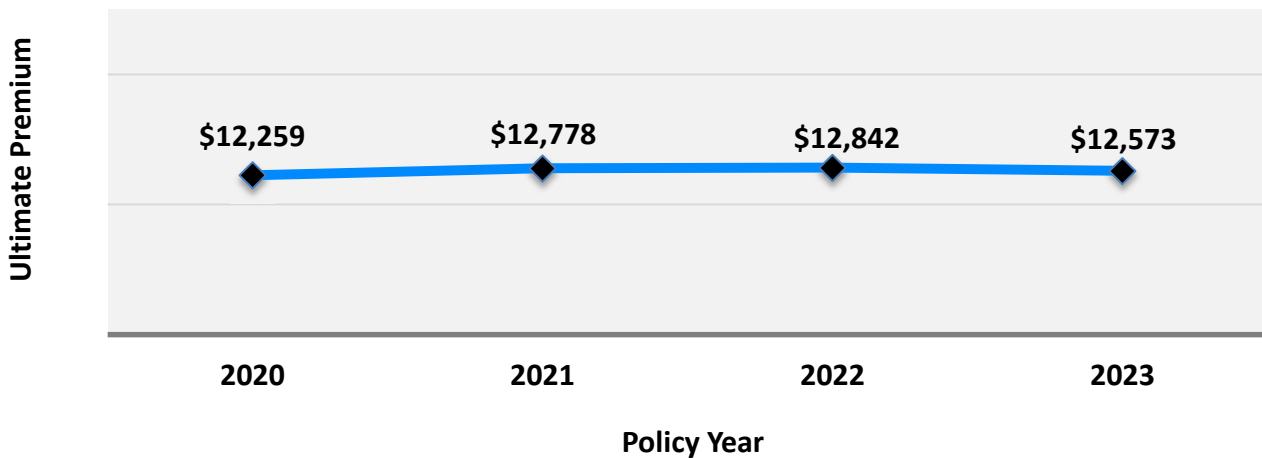
Booked Loss Ratio (Projected to Ultimate)

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.



*3rd Quarter 2024 data will be available the end of January 2025 due to the timing of data reporting

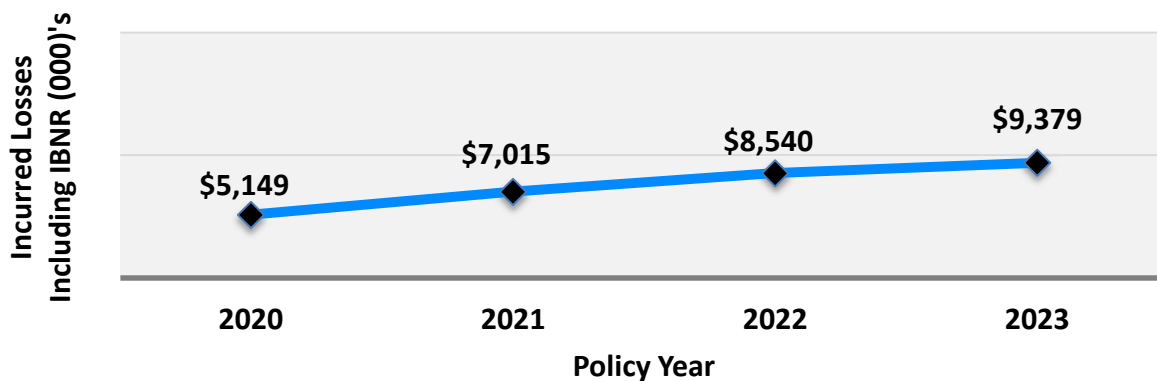


Residual Market Demographics

Vermont Residual Market Reinsurance Pool Net Operating Results Policy Year Financial Results through 2nd Quarter 2024 for 2023 and prior years*

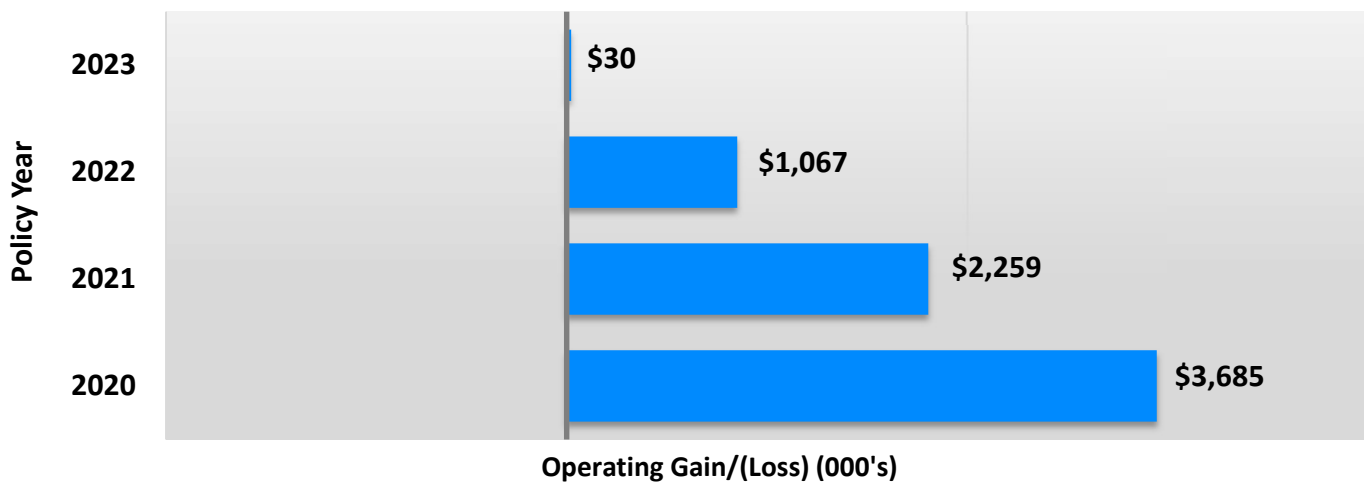
Incurred Losses (Projected to Ultimate)

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.



*3rd Quarter 2024 data will be available the end of January 2025 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 2020-2024, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 2nd Quarter 2024.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2020	12,355,372	96,234	0.8%
2021	12,880,874	103,214	0.8%
2022	13,124,084	241,302	1.8%
2023	13,323,224	--	--
2024	5,271,342	--	--

* 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

Third Quarter Data through September 30, 2024

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 Third Quarter 2024.

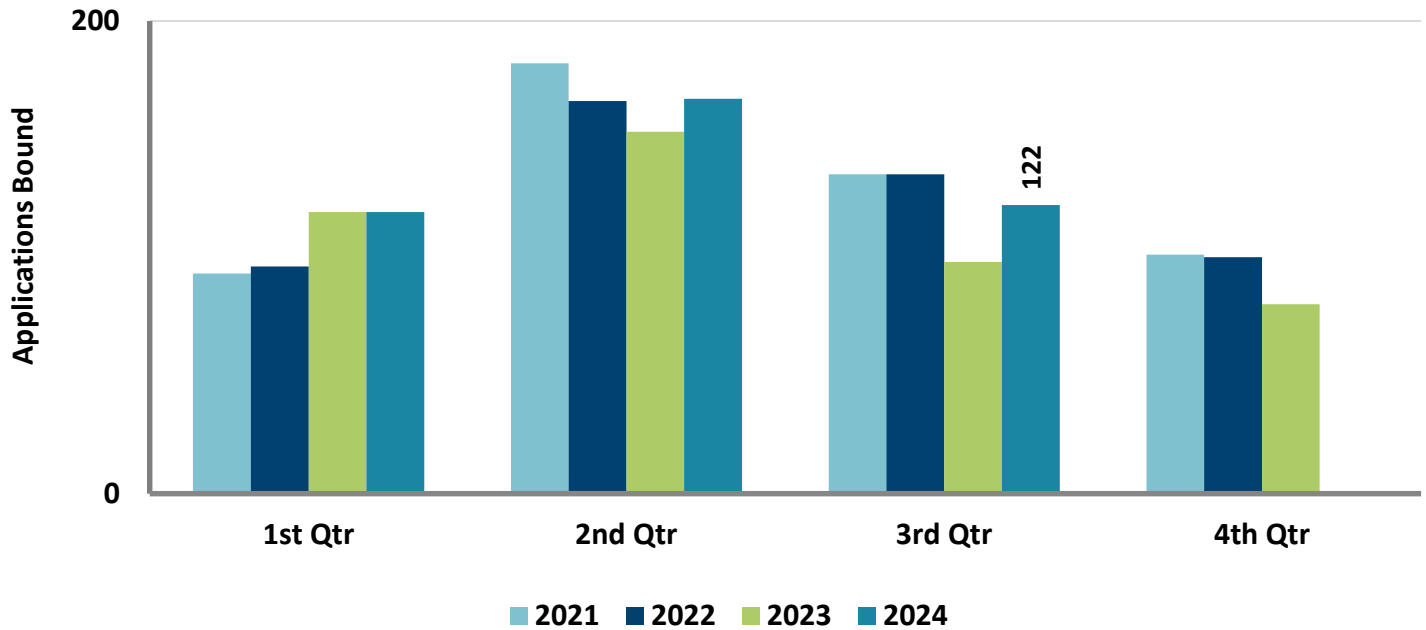
Number of Applications Reviewed by <i>VCAP</i> [®] <i>Service</i>	144
Associated Premium for Applications Reviewed	\$908,883.17
Number of <i>VCAP</i> [®] <i>Service</i> Matches	134
<i>VCAP</i> [®] <i>Service</i> Matches as a % of Applications Reviewed	93.06%
Number of <i>VCAP</i> [®] <i>Service</i> Offers	21
<i>VCAP</i> [®] <i>Service</i> Offers as a % of Matches	15.67%
Number of Confirmed <i>VCAP</i> [®] <i>Service</i> Policies	21
Confirmed <i>VCAP</i> [®] <i>Service</i> Policies as a % of Applications Reviewed	14.58%
Redirected Assigned Risk Premium	\$130,389.65
Associated Voluntary Market Premium	\$124,217.00
Savings	\$6,172.65
Average Savings per Application	\$293.94
Savings as a % of Redirected Assigned Risk Premium	4.73%
Redirected Premium as a % of Associated Premium for Applications Reviewed by <i>VCAP</i> [®] <i>Service</i>	14.35%



Residual Market Demographics

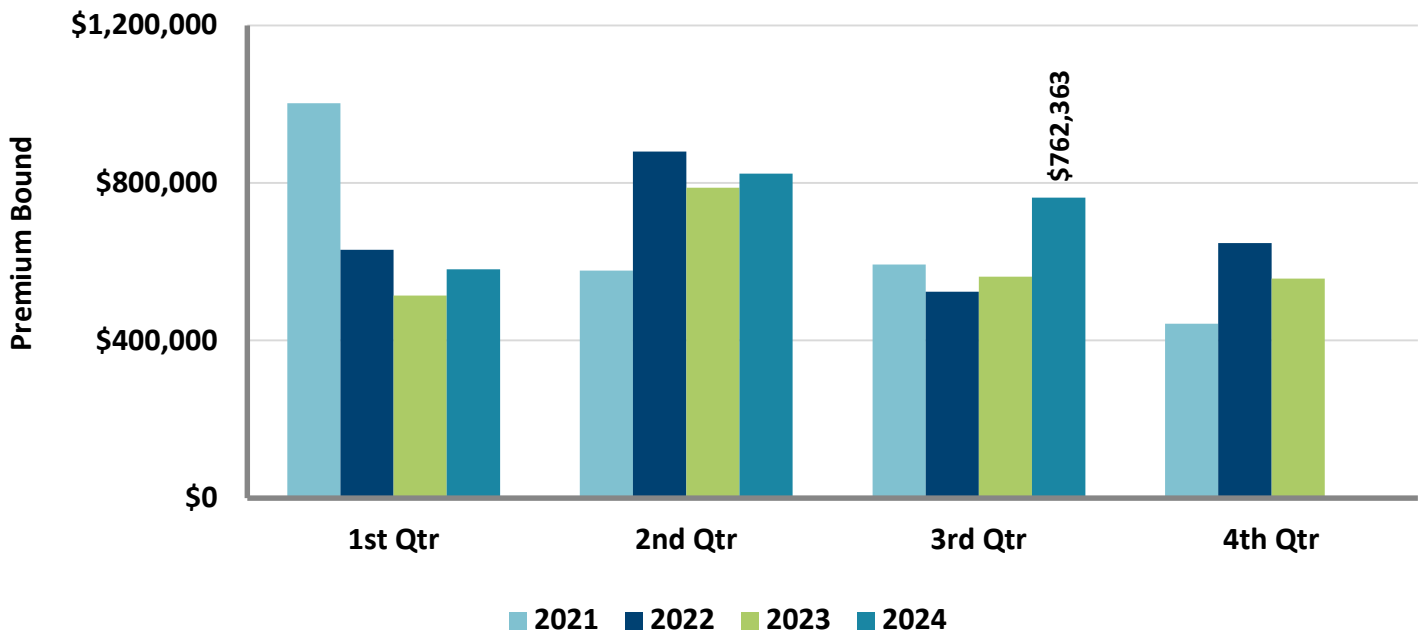
Total Applications Bound — 2021 vs. 2022 vs. 2023 vs. 2024

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).



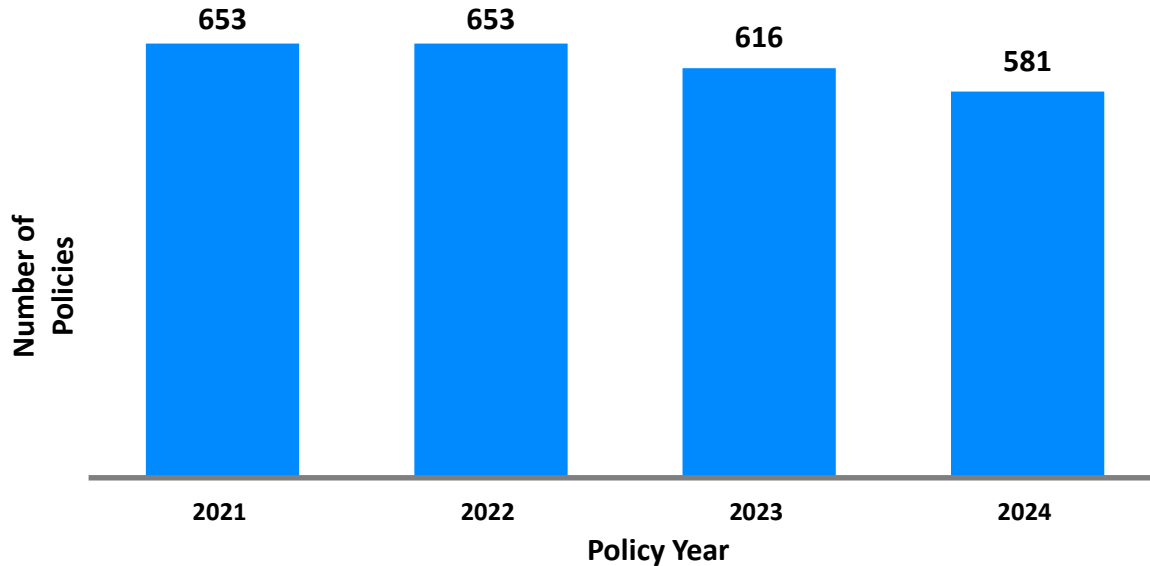


Residual Market Demographics

Residual Market Total Policy Counts

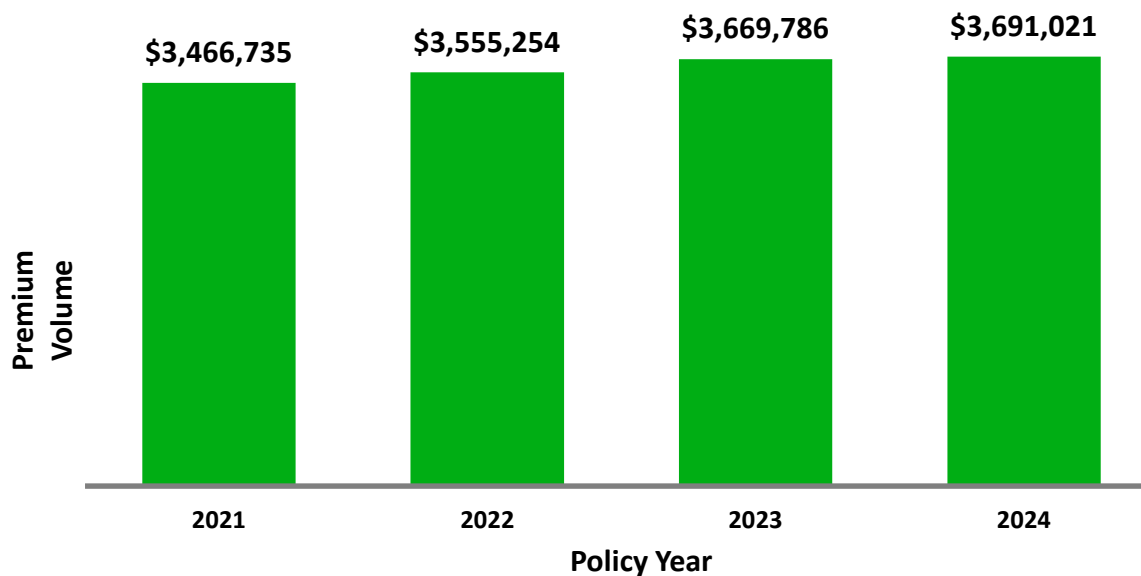
Third Quarter Data for **Policies** Reported through September 30, 2024

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



Third Quarter Data for **Premium** Reported through September 30, 2024

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





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Third Quarter 2024

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 (Third Quarter), and reported to NCCI by September 30, 2024, by both Direct Assignment and Servicing Carriers.

Third Quarter Data Reported through September 30, 2024

Premium Size \$	Policy Count	% of Total Policies	Estimated Annual Premium \$	% of Total Premium	Average Premium \$
0- 2,499	349	60.1	392,447	10.6	1,124
2,500- 4,999	92	15.8	323,429	8.8	3,516
5,000- 9,999	54	9.3	373,747	10.1	6,921
10,000- 19,999	51	8.8	699,922	19.0	13,724
20,000- 49,999	21	3.6	631,966	17.1	30,094
50,000- 99,999	11	1.9	759,592	20.6	69,054
100,000- 199,999	2	0.3	261,098	7.1	130,549
200,000+	1	0.2	248,820	6.7	248,820
Total	581	100.0	3,691,021	100.0	6,353

Third Quarter 2023 Data for Comparison

Premium Size \$	Policy Count	% of Total Policies	Estimated Annual Premium \$	% of Total Premium	Average Premium \$
0- 2,499	409	66.4	456,891	12.5	1,117
2,500- 4,999	76	12.3	262,832	7.2	3,458
5,000- 9,999	51	8.3	355,658	9.7	6,974
10,000- 19,999	45	7.3	645,271	17.6	14,339
20,000- 49,999	24	3.9	700,607	19.1	29,192
50,000- 99,999	4	0.6	249,371	6.8	62,343
100,000- 199,999	5	0.8	584,781	15.9	116,956
200,000+	2	0.3	414,375	11.3	207,188
Total	616	100.0	3,669,786	100.0	5,957

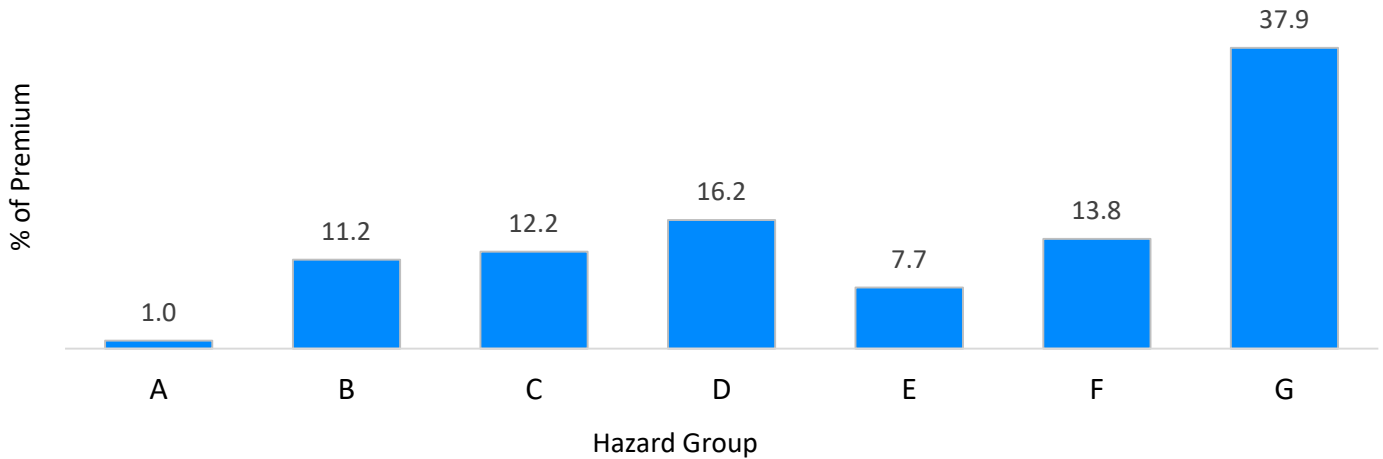


Residual Market Demographics

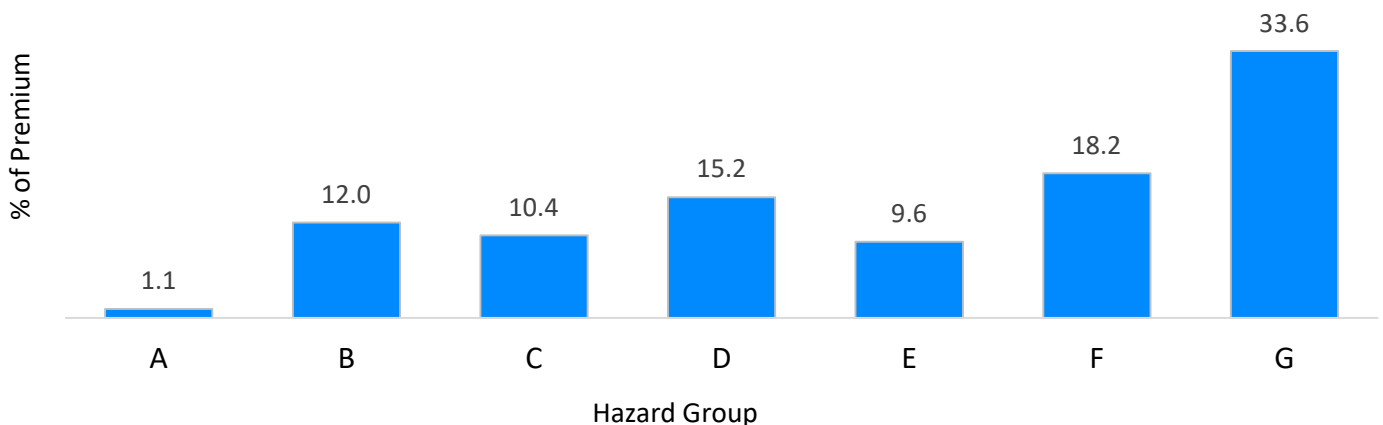
Hazard Group Distribution

Third Quarter Data Reported through **September 30, 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.



Third Quarter 2023 Data for Comparison





Residual Market Demographics

Residual Market Top 10 Classification Codes by Policy Count

Third Quarter Data Reported through September 30, 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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	101	17.4
2	6217 - Excavation & Drivers	25	4.3
3	5551 - Roofing-All Kinds & Drivers	24	4.1
4	5474 - Painting NOC & Shop Operations, Drivers	19	3.3
5	7219 - Trucking - NOC-All Employees & Drivers	14	2.4
6	8868 - College - Professional Employees & Clerical	14	2.4
7	8742 - Salespersons or Collectors - Outside	13	2.2
8	8380 - Automobile Service or Repair Center & Drivers	12	2.1
9	9102 - Park Noc-All Employees & Drivers	12	2.1
10	8864 - Social Service Organization - All Employees & Salespersons, Drivers	11	1.9

Residual Market Top 10 Classification Codes by Premium Volume

Third Quarter Data Reported through September 30, 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	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	477,124	12.9
2	5551 - Roofing-All Kinds & Drivers	347,409	9.4
3	8032 - Store - Clothing, Wearing Apparel or Dry Goods - Wholesale	248,820	6.7
4	8868 - College - Professional Employees & Clerical	226,331	6.1
5	7705 - Ambulance Service Companies and EMS (Emergency Medical Service) Providers & Drivers	213,390	5.8
6	8380 - Automobile Service or Repair Center & Drivers	120,829	3.3
7	7720 - Police Officers & Drivers	110,669	3.0
8	5535 - Sheet Metal Work-Installation & Drivers	109,774	3.0
9	7219 - Trucking - NOC-All Employees & Drivers	109,146	3.0
10	7024 - Vessels NOC - Coverage Under Admiralty Law - Program II - State Act Benefits	99,743	2.7



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[®] 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.