



# West Virginia Residual Market State Activity Report

Third Quarter 2022



## Executive Summary

NCCI, as Pool and Plan Administrator of the West Virginia Workers Compensation Insurance Plan, is pleased to provide the Third Quarter 2022 *West 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 West 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 September 30, 2022—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.

	2022	2021	2022 vs. 2021 #	2022 vs. 2021 %
<b>Policy Count</b>	1,759	1,750	9	0.5%
<b>Premium Volume</b>	\$7,767,959	\$9,945,485	-\$2,177,526	-21.9%

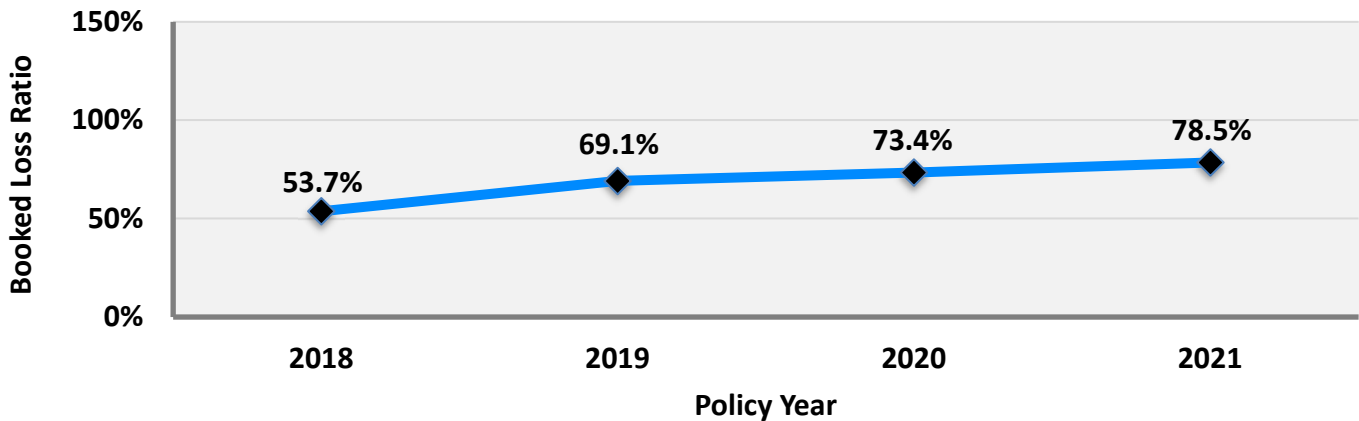


## Residual Market Demographics

### West Virginia Residual Market Reinsurance Pool Booked Loss Ratio (Projected to Ultimate)

#### Policy Year Financial Results through 2nd Quarter 2022 for 2021 and prior years\*

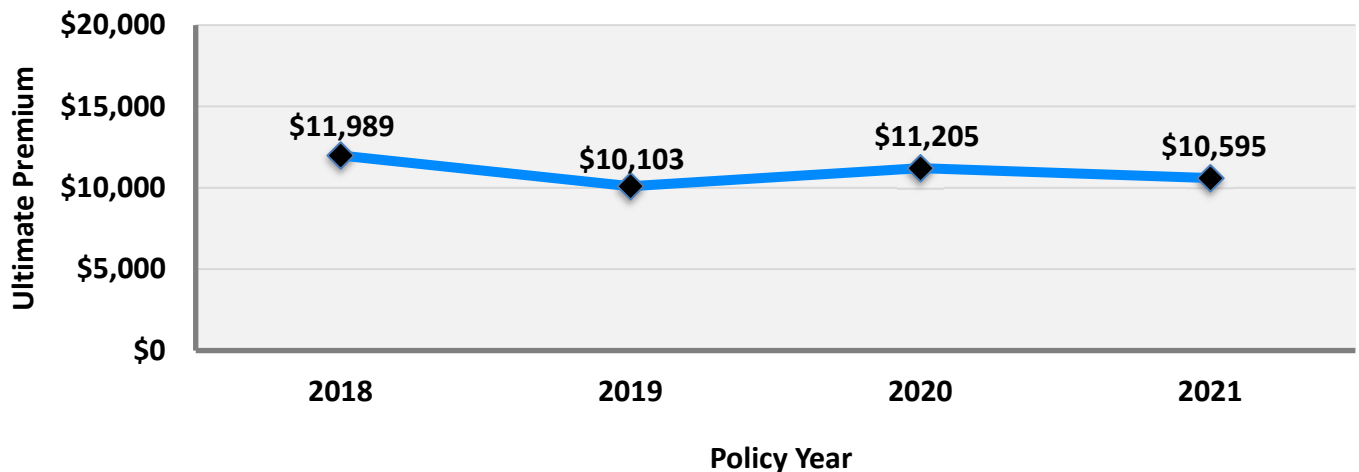
The ratio of total incurred losses to total net premiums (net of uncollectible premium) in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 2nd Quarter 2022 for 2021 and prior years\*

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



\*3rd Quarter 2022 data will be available the end of January 2023 due to the timing of data reporting

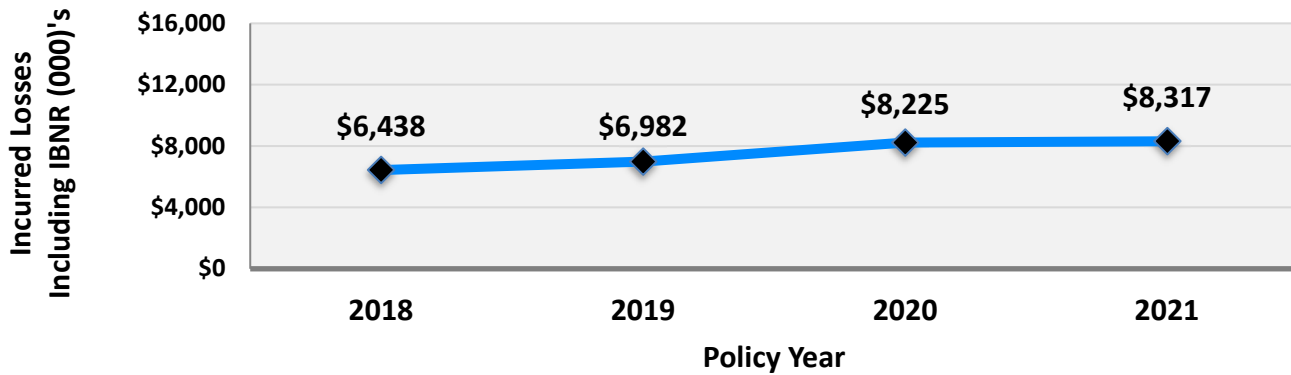


## Residual Market Demographics

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

#### Policy Year Financial Results through 2nd Quarter 2022 for 2021 and prior years\*

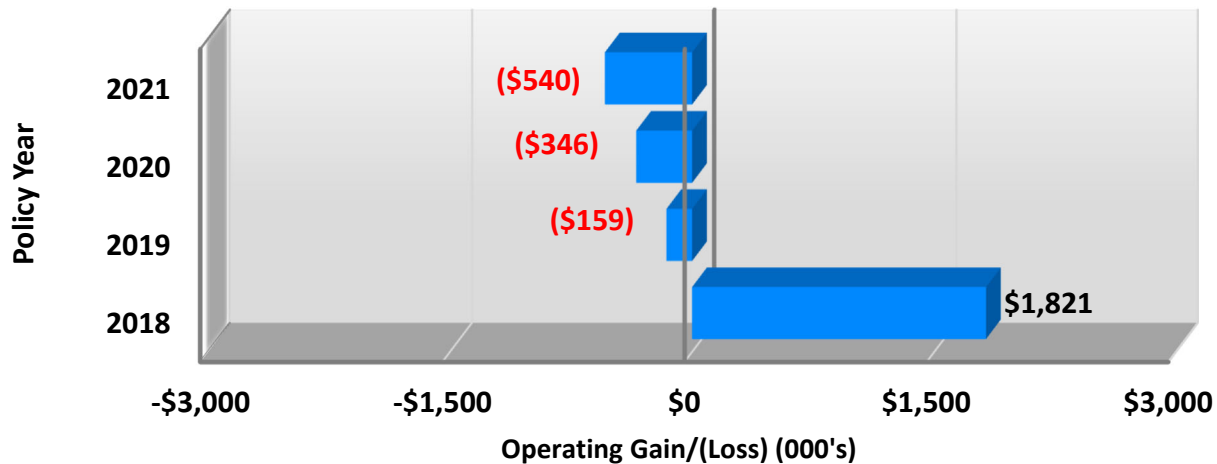
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

#### Policy Year Financial Results through 2nd Quarter 2022 for 2021 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.



\*3rd Quarter 2022 data will be available the end of January 2023 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 West Virginia for Policy Years 2018-2022, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 2nd Quarter 2022.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2018	12,178,465	189,946	1.6%
2019	10,299,351	195,863	1.9%
2020	11,735,124	601,121	5.1%
2021	11,660,066	--	--
2022	4,822,468	--	--

\* 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, 2022

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 Third Quarter 2022.

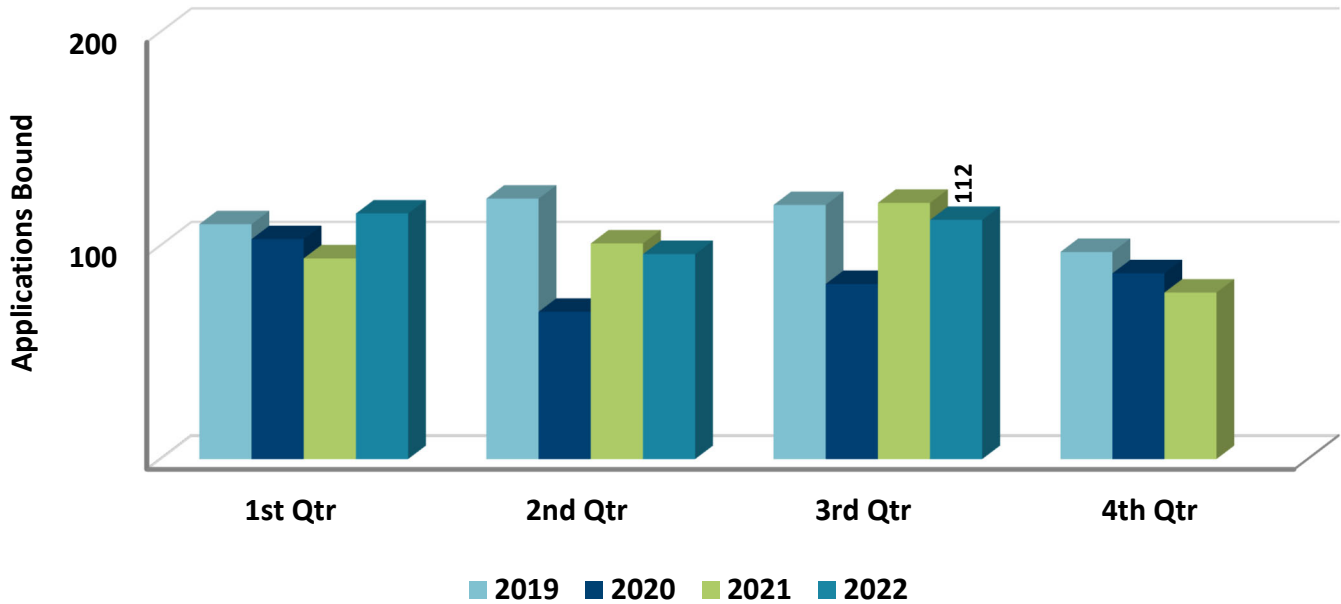
Number of Applications Reviewed by <b>VCAP<sup>®</sup> Service</b>	119
Number of <b>VCAP<sup>®</sup> Service</b> Matches	94
<b>VCAP<sup>®</sup> Service</b> Offers as a % of Matches	9.57%
Number of Confirmed <b>VCAP<sup>®</sup> Service</b> Policies	6
Confirmed <b>VCAP<sup>®</sup> Service</b> Policies as a % of Applications Reviewed	5.04%
Savings as a % of Redirected Assigned Risk Premium	0.67%



## Residual Market Demographics

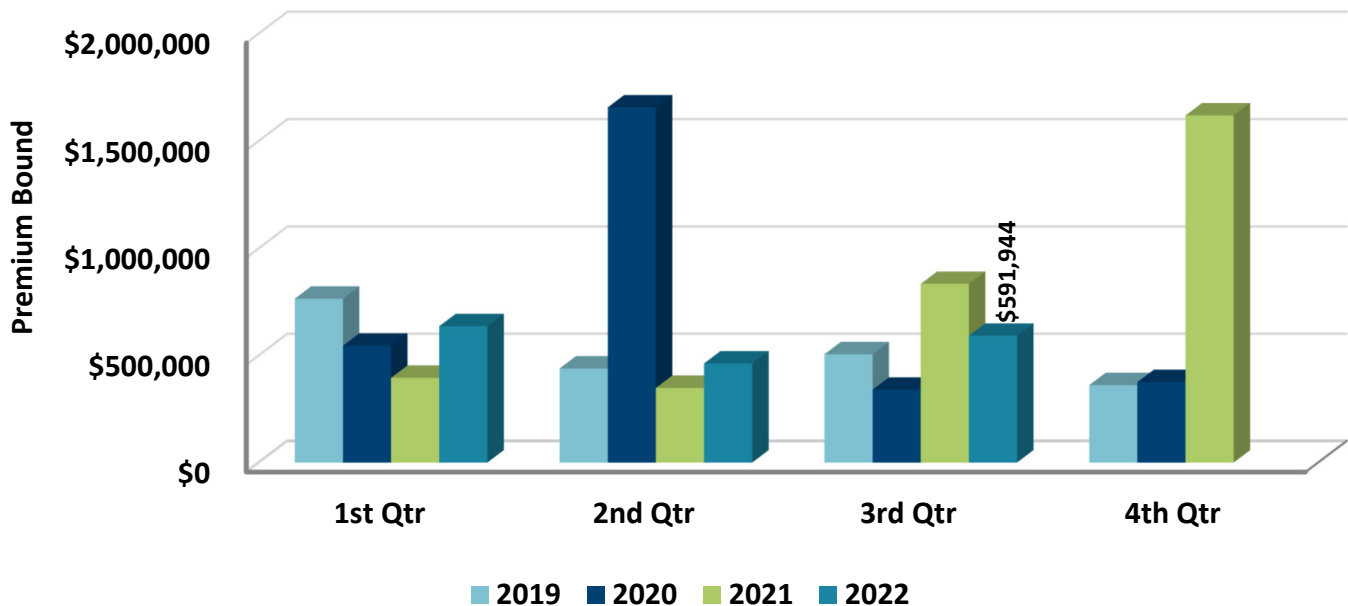
### Total Applications Bound — 2019 vs. 2020 vs. 2021 vs. 2022

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 — 2019 vs. 2020 vs. 2021 vs. 2022

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).





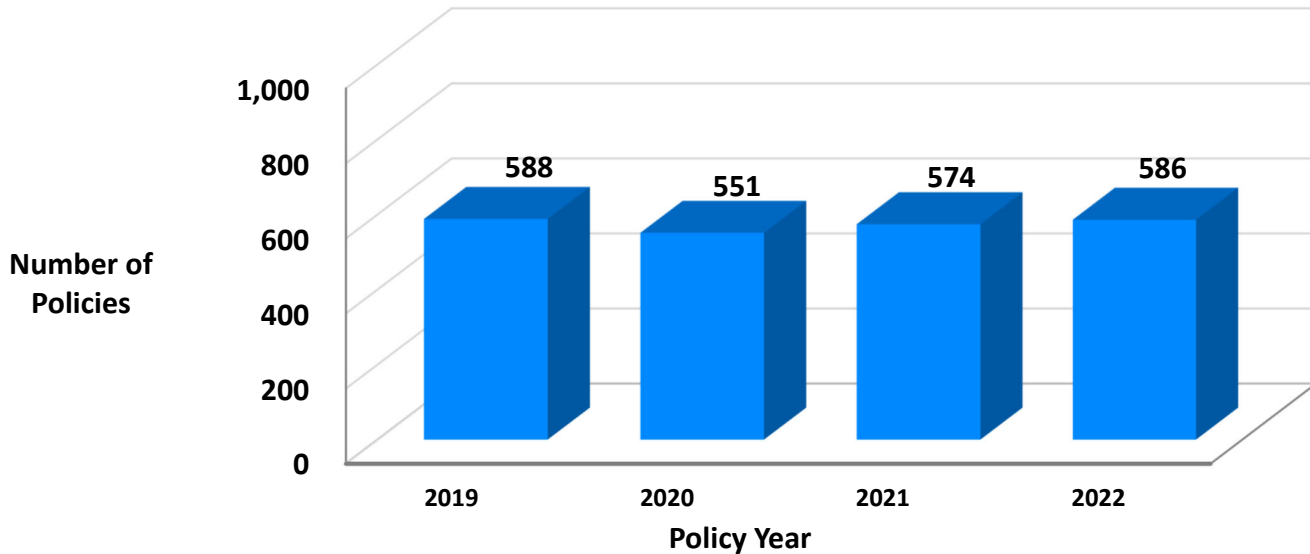


## Residual Market Demographics

### Residual Market Total Policy Counts

#### Third Quarter Data for Policies Reported through September 30, 2022

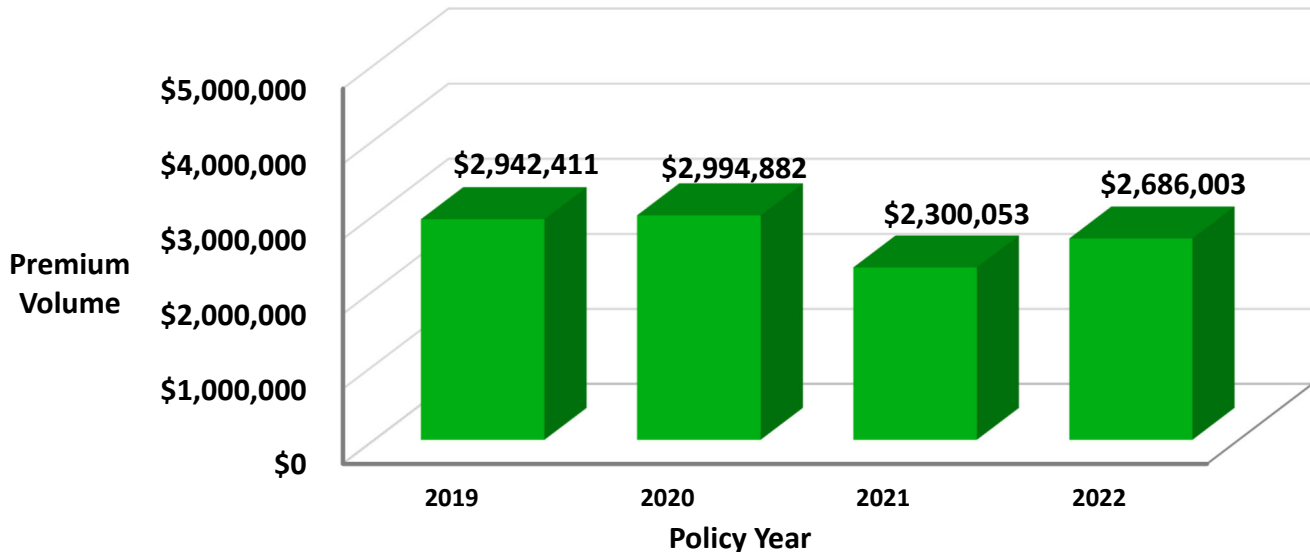
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Third Quarter Data Reported through September 30, 2022

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

#### Third Quarter Data Reported through September 30, 2022

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	340	58.0	457,147	17.0	1,345
\$2500- \$4999	147	25.1	512,225	19.1	3,485
\$5000- \$9999	45	7.7	311,132	11.6	6,914
\$10000- \$19999	34	5.8	476,569	17.7	14,017
\$20000- \$49999	16	2.7	453,887	16.9	28,368
\$50000- \$99999	2	0.3	139,408	5.2	69,704
\$100000- \$199999	1	0.2	131,864	4.9	131,864
\$2000000+	1	0.2	203,771	7.6	203,771
Total	586	100.0	2,686,003	100.0	4,584

### Third Quarter 2021 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	343	59.8	420,426	18.3	1,226
\$2500- \$4999	145	25.3	507,068	22.0	3,497
\$5000- \$9999	40	7.0	276,605	12.0	6,915
\$10000- \$19999	26	4.5	380,099	16.5	14,619
\$20000- \$49999	16	2.8	452,040	19.7	28,253
\$50000- \$99999	4	0.7	263,815	11.5	65,954
\$100000- \$199999	0	0.0	0	0.0	0
\$2000000+	0	0.0	0	0.0	0
Total	574	100.0	2,300,053	100.0	4,007



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count Third Quarter Data Reported through September 30, 2022

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	143	24.4
2	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	35	6.0
3	7219 - Trucking - NOC-All Employees & Drivers	31	5.3
4	2702 - Logging or Tree Removal - Non-Mechanized Operations	28	4.8
5	2709 - Logging or Tree Removal - Mechanized Equipment Operators	24	4.1
6	7705 - Ambulance Service Companies and Ems (Emergency Medical Service) Providers & Drivers	17	2.9
7	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	15	2.6
8	6217 - Excavation & Drivers	14	2.4
9	2701 - Logging or Tree Removal - Log Hauling & Drivers	13	2.2
10	5551 - Roofing-All Kinds & Drivers	11	1.9

### Residual Market Top 10 Classification Codes by Premium Volume Third Quarter Data Reported through September 30, 2022

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	354,190	13.2
2	1005 - Coal Mining - Surface & Drivers	203,771	7.6
3	2709 - Logging or Tree Removal - Mechanized Equipment Operators	142,000	5.3
4	2702 - Logging or Tree Removal - Non-Mechanized Operations	139,410	5.2
5	8233 - Coal Merchant & Local Managers, Drivers	131,864	4.9
6	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	117,915	4.4
7	7705 - Ambulance Service Companies and Ems (Emergency Medical Service) Providers & Drivers	109,570	4.1
8	7720 - Police Officers & Drivers	106,468	4.0
9	8380 - Automobile Service or Repair Center & Drivers	96,560	3.6
10	7219 - Trucking - NOC-All Employees & Drivers	91,119	3.4



## 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<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.