



# West Virginia Residual Market State Activity Report

Annual 2021



## Executive Summary

NCCI, as Pool and Plan Administrator of the West Virginia Workers Compensation Insurance Plan, is pleased to provide the Annual 2021 *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 December 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.

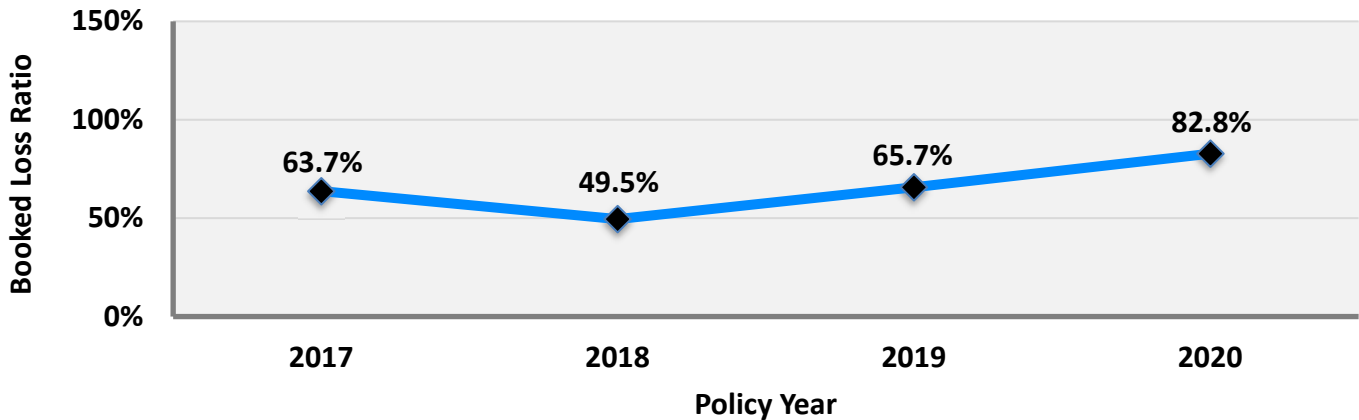
	2021	2020	2021 vs. 2020 #	2021 vs. 2020 %
<b>Policy Count</b>	1,739	1,717	22	1.3%
<b>Premium Volume</b>	\$8,269,910	\$9,560,194	-\$1,290,284	-13.5%



## Residual Market Demographics

### West Virginia Residual Market Reinsurance Pool Booked Loss Ratio Policy Year Financial Results through 3rd Quarter 2021 for 2020 and prior years\*

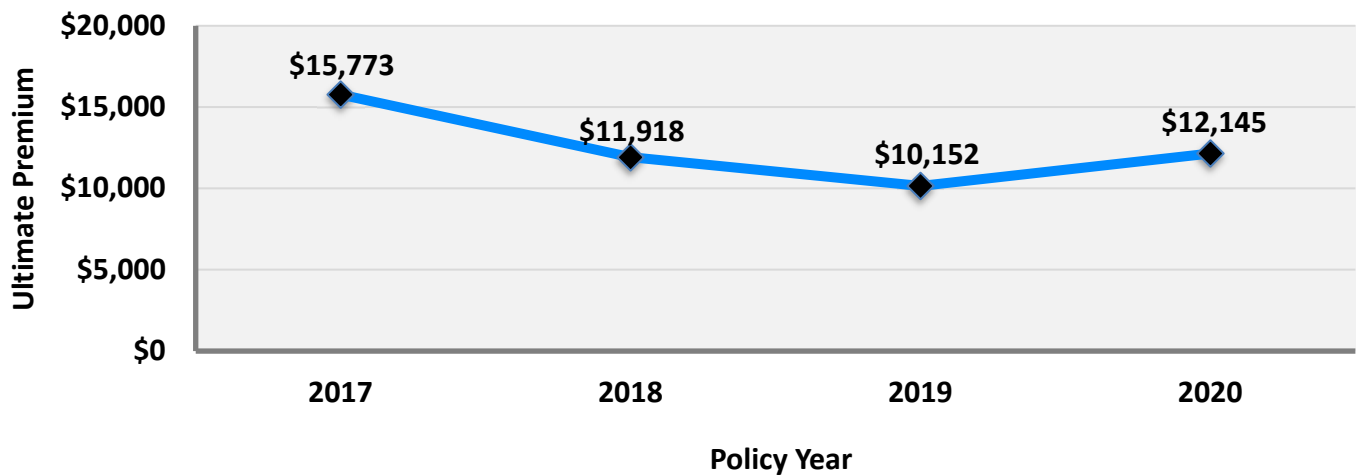
The ratio of total incurred losses to total earned premiums in a given period, in this state, expressed as a percentage.



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

#### Policy Year Financial Results through 3rd Quarter 2021 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.



\*4th Quarter 2021 data will be available the end of April 2022 due to the timing of data reporting

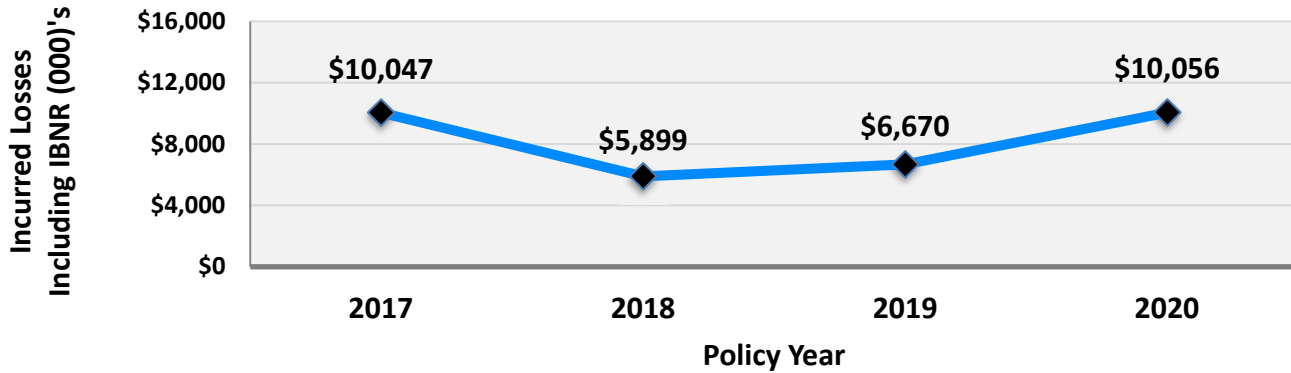


## Residual Market Demographics

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

#### Policy Year Financial Results through 3rd Quarter 2021 for 2020 and prior years\*

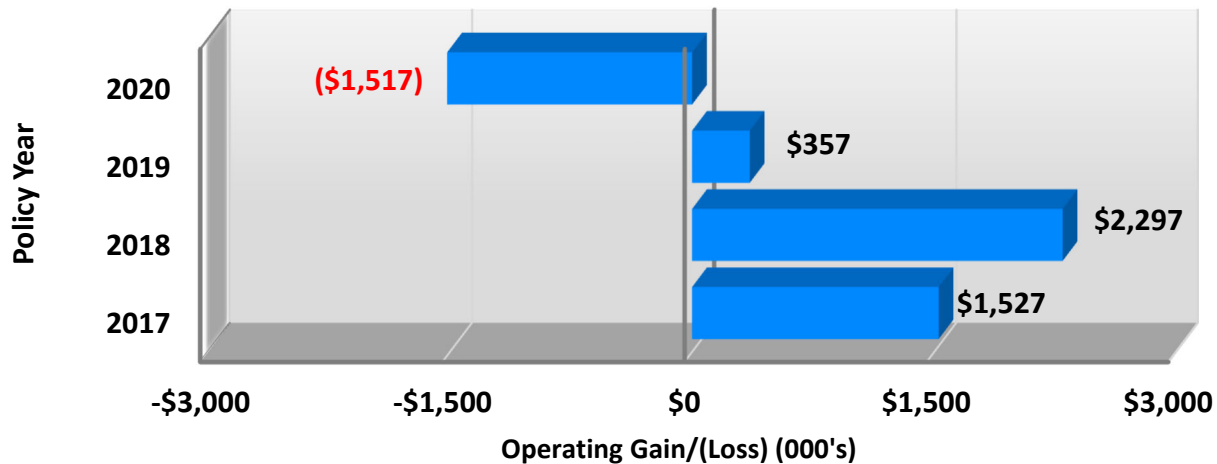
Policy year incurred losses reflect paid losses, case reserves and IBNR reserves for policies written in a particular policy year in that state.



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

#### Policy Year Financial Results through 3rd Quarter 2021 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.



\*4th Quarter 2021 data will be available the end of April 2022 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 2017-2021, obtained through NP-4 and NP-5 reports including traumatic and black lung claims, evaluated through 3rd Quarter 2021.

Policy Year	Gross Written Premium \$	Uncollectible Premium \$	Percentage
2017	16,690,826	918,256	5.5%
2018	12,173,072	255,507	2.1%
2019	10,308,334	151,744	1.5%
2020	12,683,848	--	--
2021	7,387,928	--	--

\* 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

#### Annual Data through December 31, 2021

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 Annual 2021.

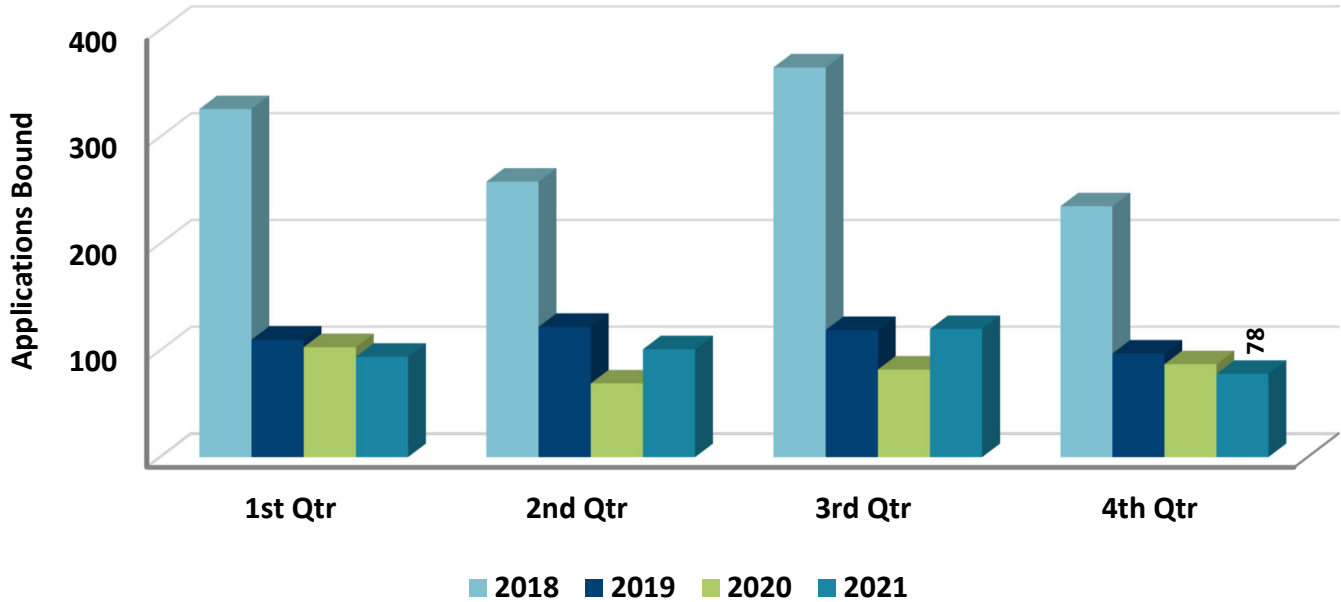
Number of Applications Reviewed by <b>VCAP<sup>®</sup> Service</b>	429
Number of <b>VCAP<sup>®</sup> Service</b> Matches	324
<b>VCAP<sup>®</sup> Service</b> Offers as a % of Matches	13.27%
Number of Confirmed <b>VCAP<sup>®</sup> Service</b> Policies	33
Confirmed <b>VCAP<sup>®</sup> Service</b> Policies as a % of Applications Reviewed	7.69%
Savings as a % of Redirected Assigned Risk Premium	3.08%



## Residual Market Demographics

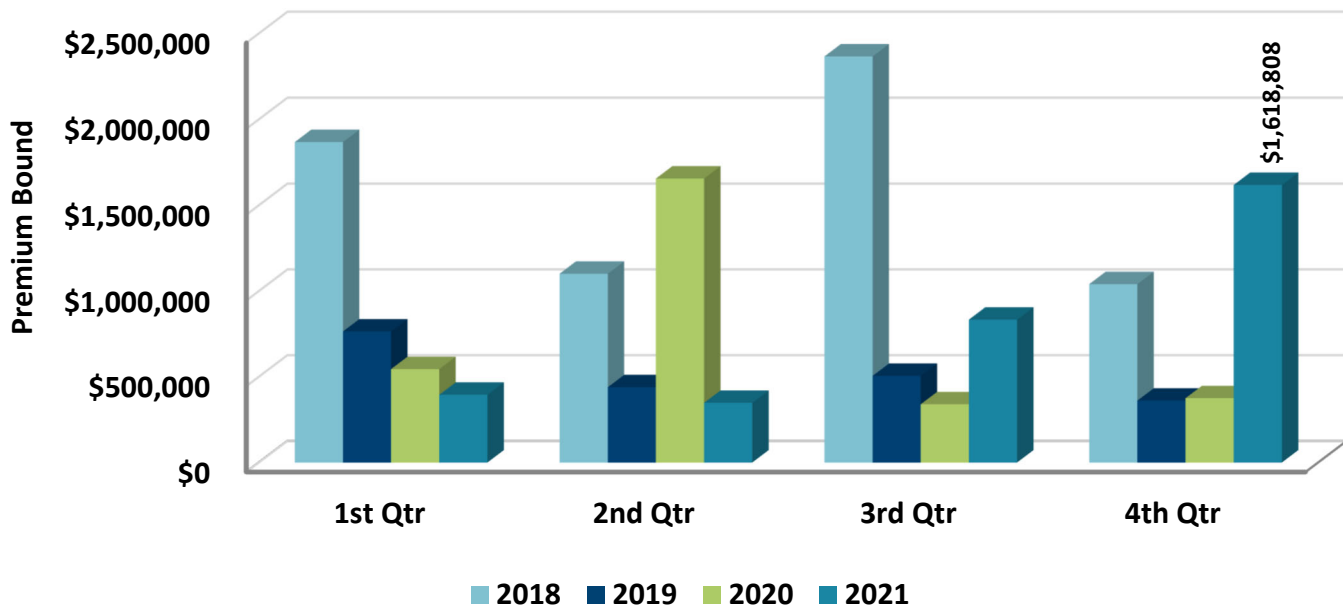
### Total Applications Bound — 2018 vs. 2019 vs. 2020 vs. 2021

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).





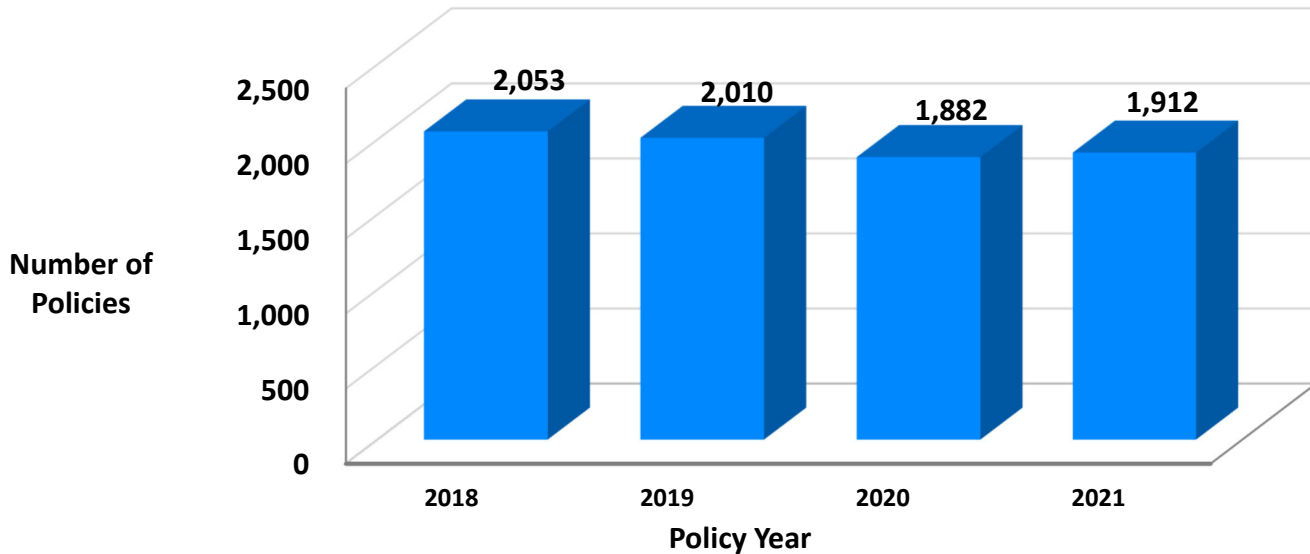


## Residual Market Demographics

### Residual Market Total Policy Counts

#### Annual Data for Policies Reported through December 31, 2021

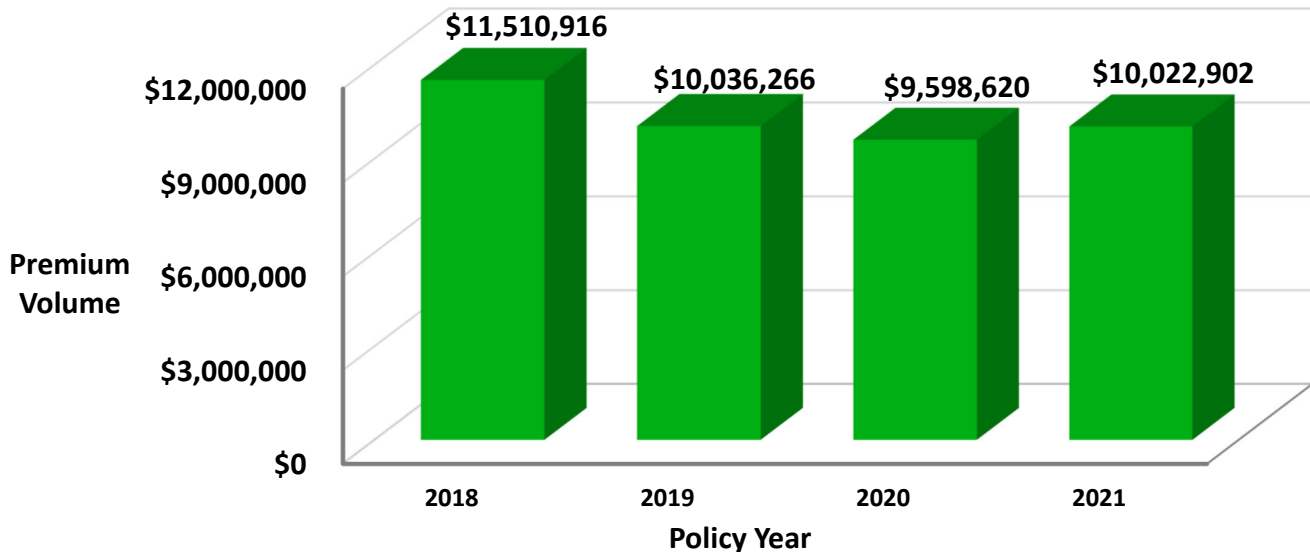
Total number of all Assigned Risk Plan policies with effective dates during the calendar period listed above.



### Residual Market Total Premium Volume

#### Annual Data Reported through December 31, 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 Annual Data Reported through December 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	1,144	59.8	1,375,499	13.7	1,202
\$2500- \$4999	428	22.4	1,496,164	14.9	3,496
\$5000- \$9999	187	9.8	1,309,091	13.1	7,000
\$10000- \$19999	94	4.9	1,310,128	13.1	13,938
\$20000- \$49999	45	2.4	1,317,862	13.1	29,286
\$50000- \$99999	7	0.4	477,698	4.8	68,243
\$100000- \$199999	5	0.3	662,149	6.6	132,430
\$2000000+	2	0.1	2,074,311	20.7	1,037,156
Total	1,912	100.0	10,022,902	100.0	5,242

### Annual 2020 Data for Comparison

Premium Interval	Policy Count	% of Total Policies	Total State Premium \$	% of Total Premium	Average Premium \$
\$0- \$2499	1,126	59.8	1,346,018	14.0	1,195
\$2500- \$4999	400	21.3	1,408,679	14.7	3,522
\$5000- \$9999	189	10.0	1,302,417	13.6	6,891
\$10000- \$19999	95	5.0	1,337,327	13.9	14,077
\$20000- \$49999	57	3.0	1,790,065	18.6	31,405
\$50000- \$99999	11	0.6	738,420	7.7	67,129
\$100000- \$199999	2	0.1	290,586	3.0	145,293
\$2000000+	2	0.1	1,385,108	14.4	692,554
Total	1,882	100.0	9,598,620	100.0	5,100



## Residual Market Demographics

### Residual Market Top 10 Classification Codes by Policy Count Annual Data Reported through December 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	384	20.1
2	7219 - Trucking - NOC-All Employees & Drivers	126	6.6
3	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	98	5.1
4	2702 - Logging or Tree Removal – Non-Mechanized Operations	89	4.7
5	2709 - Logging or Tree Removal - Mechanized Equipment Operators	67	3.5
6	6217 - Excavation & Drivers	57	3.0
7	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	51	2.7
8	2701 - Logging or Tree Removal - Log Hauling & Drivers	50	2.6
9	8279 - Stable or Breeding Farm & Drivers	49	2.6
10	5551 - Roofing-All Kinds & Drivers	47	2.5

### Residual Market Top 10 Classification Codes by Premium Volume Annual Data Reported through December 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	1016 - Coal Mining-NOC	2,074,311	20.7
2	7711 - Firefighters & Drivers - Volunteer	1,113,264	11.1
3	7219 - Trucking - NOC-All Employees & Drivers	657,064	6.6
4	2702 - Logging or Tree Removal – Non-Mechanized Operations	594,862	5.9
5	2709 - Logging or Tree Removal - Mechanized Equipment Operators	443,660	4.4
6	1005 - Coal Mining - Surface & Drivers	307,533	3.1
7	5645 - Carpentry Construction of Residential Dwellings Not Exceeding Three Stories in Height	304,321	3.0
8	0106 - Tree Pruning, Spraying, Repairing - All Operations & Drivers	280,905	2.8
9	5551 - Roofing-All Kinds & Drivers	257,598	2.6
10	7705 - Ambulance Service Companies and Ems (Emergency Medical Service) Providers & Drivers	242,992	2.4



## 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.