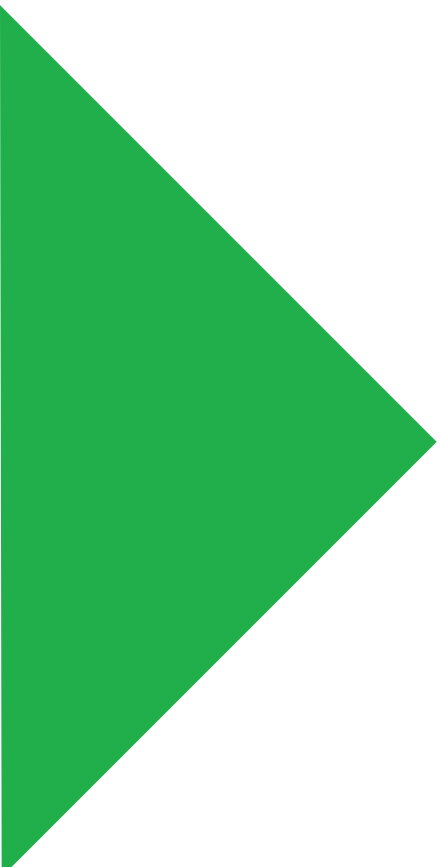





RESIDUAL MARKET MANAGEMENT SUMMARY 2022



Residual Market Management Summary is an annual publication of year-end workers compensation residual market financial and statistical information for the assigned risk plans and reinsurance pools for which the National Council on Compensation Insurance (NCCI) provides residual market services. ***Residual Market Management Summary*** is published by:

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Residual Market Management Summary 2022

is available on **ncci.com**.

Founded in 1923, the mission of the **National Council on Compensation Insurance (NCCI)** is to foster a healthy workers compensation system. In support of this mission, NCCI gathers data, analyzes industry trends, and provides objective insurance rate and loss cost recommendations. These activities—combined with a comprehensive set of tools and services—make NCCI the source you trust for workers compensation information.




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To Our Readers:

NCCI's *Residual Market Management Summary 2022* continues to be the best source for obtaining facts and figures about workers compensation residual market plans and reinsurance pools that are serviced by the National Council on Compensation Insurance (NCCI). You can view and print this and previous annual editions on [ncci.com](https://www.ncci.com).

The content of this year's report indicates that the residual market continues to be stable and self-sufficient, providing a significant contribution to fostering a healthy workers compensation system. The residual market premium remained at a manageable level in both premium volume and market share, with reasonable combined ratios in recent years ranging from 92% to 105% and averaging 99% for the 10 policy years of 2013-2022.

Combined ultimate written premium for Policy Year (PY) 2022 for all reinsurance pools serviced by NCCI is projected to be \$775 million, representing a slight decrease from the ultimate projection of \$777 million for PY 2021, representing the seventh decrease in eight years. The net operating results for PY 2022 are projected to produce an ultimate loss of \$40 million, representing a combined ratio of 105%. It is noted that these ultimate projections are based on a partially earned policy year and are subject to potential material changes as additional premium is earned and losses are reported for the remainder of the policy period.

On a Calendar Year (CY) basis, including adjustments to prior period incurred loss estimates, 2022 reinsurance pool financial results reflect written and earned premium of approximately \$797 million, a net operating gain of \$130 million, and a combined ratio of 84%.

For all states in which NCCI provides plan or pool services, including both reinsurance pools and direct assignment experience, total residual market calendar year 2022 premium was reported at \$1.2 billion representing a 6.1% market share. This premium volume represents a slight increase from CY 2021, but a market share decrease from 6.2%, and the eighth consecutive year of market share decreases.

As always, NCCI remained focused on continuous improvement of residual market systems and processes, as well as opportunities to best serve the workers compensation system. During 2022, NCCI completed rewrites of several of its residual market systems and applications, including the Plan and Pool Management System (PPM), which has been replaced by the new Residual Market Management System (RMMS). Also in 2022, the Oklahoma Commissioner of Insurance appointed NCCI to be the Administrator of the new Oklahoma residual market mechanism that will become effective on June 1, 2024, in response to recently enacted legislation.

NCCI remains committed to its continuing partnership with all industry stakeholders in maintaining an effective and self-funded residual market, responsive to the needs of injured workers and employers. We look forward to emerging opportunities in this regard.

Sincerely,



Clifford G. Merritt
Senior Division Executive—Residual Markets, NCCI

Where NCCI Provides Residual Market Services

NCCI provides many services for the residual market in 30 jurisdictions, including administration of NCCI’s Workers Compensation Insurance Plan (WCIP), the National Workers Compensation Reinsurance Pooling Mechanism (NWCRP or National Pool), and the New Mexico Workers’ Compensation Assigned Risk Pool. NCCI also provides financial, actuarial, and carrier oversight services for other reinsurance pools and customers. Other types of residual market services are also provided through contractual agreements. Below are the types of services provided in these states.

State	WCIP	NWCRP	Other Services	Comments
AK	x	x		
AL	x	x		
AR	x	x		
AZ	x	x		
CT	x	x		
DC	x	x		
DE		x	x	The Delaware Compensation Rating Bureau contracts with NCCI to provide certain Plan Administration services.
GA	x	x		
IA	x	x		
ID	x	x		
IL	x	x		
IN			x	The Indiana Compensation Rating Bureau contracts with NCCI to provide certain Plan Administration services.
KS	x	x		
MA			x	NCCI provides financial, actuarial, and related services for the Massachusetts Workers’ Compensation Assigned Risk Pool.
ME			x	NCCI provides limited financial services for the Maine Workers Compensation Residual Market Pool.
MI			x	NCCI provides financial, servicing carrier selection, carrier oversight, and actuarial services for the Michigan Workers’ Compensation Placement Facility.
MO			x	NCCI is the appointed Reinsurance Administrator for the Aggregate Excess of Loss Reinsurance Mechanism.
MS	x			
NC		x	x	The North Carolina Rating Bureau contracts with NCCI to provide certain Plan Administration services.
NH	x	x		
NJ		x	x	NCCI provides certain Plan Administration services to the New Jersey Compensation Rating & Inspection Bureau.
NM			x	The New Mexico Workers’ Compensation Assigned Risk Pool contracts with NCCI to provide Plan and Pool Administration services.
NV	x	x		
OR	x	x		
SC	x	x		
SD	x	x		
TN	x	x		
VA	x	x		
VT	x	x		
WV	x	x		

Overview—Plan and Pool Administration Highlights

Plan Administration

NCCI and the assigned carriers have successfully managed the residual market during the last year. To put some of these results into perspective, here is a sampling of the overall application processing performance statistics from 2022:

- Number of applications received = 55,246
- Number of applications bound = 46,623
- Percentage of applications submitted online = 100%
- Average processing time for applications = 3.0 days
- Other:
 - 122,379 calls were fielded; calls increased by 3.2% from the prior year

NCCI provides application processing, servicing carrier selection and oversight, and/or administrative services for its Workers Compensation Insurance Plans (WCIPs or Plans) for the 22 jurisdictions where it serves as Plan Administrator.

2023 Residual Market Forum

NCCI's **Residual Market Forum 2023** returned to an in-person event on February 9–10 at the Opal Grand Resort, Delray Beach, FL. This return enabled expanded content, networking, and focus sessions for exchange of ideas. As a result, NCCI's **Residual Market Forum 2023** received an overall satisfaction rating of 9.59 out of 10, the highest survey rating by attendees on record.

The **Residual Market Forum 2023** shared relevant industry information for carriers and regulators and provided updates on key issues affecting the residual market. This event also serves as a certification requirement for both current and potential servicing carriers in the residual market.

The general session included:

- An "Introduction" from Brian Mourer, WCP, NCCI Director of Plan Administration—Residual Markets, included an update on recent residual market activities and a preview of the program.
- "The State of the Residual Market" presented by Cliff Merritt, NCCI Senior Division Executive—Residual Markets, provided an overview of 2022 residual market operating results, statistics, historical and emerging trends, and other highlights regarding the state of the residual market.
- "Uncollectible Premium Overview" presented by Crissy Parmer, ARe, WCP, NCCI Reinsurance Consultant, Pool Administration, with an analysis of pool uncollectible premiums.
- "The Potential Impact of Fraud" with Chris Welch, Bureau Chief, Division of Investigative & Forensic Services, Bureau of Workers' Compensation Fraud on behalf of the Coalition Against Insurance Fraud, and Cliff Merritt, NCCI Senior Division Executive—Residual Markets, included a discussion of the work of the Coalition's Workers' Compensation Fraud Task Force and key findings from the *Workers' Compensation Fraud in America* report, which addresses the cost to the industry and consumers of workers compensation fraud in America. The session also discussed how various states have enacted mandatory antifraud plans and/or reporting to help curb the impact of fraud.
- "An Actuarial Perspective of the Residual Market" presented by Samantha McLeod, FCAS, MAAA, NCCI Executive Director and Actuary, and David Colon, ACAS, MAAA, NCCI Assistant Actuary, provided an

analysis of residual market data, including any recent shifts and potential implications for the residual market.

- “Economic Outlook” presented by Patrick Coate, PhD, NCCI Economist II, with a discussion of economic and labor market trends, with a focus on how these affect workers compensation and residual markets.
- “NCCI Atlas Update—Residual Market” presented by Melissa Palmer, CMP, CSPO, CIP, NCCI Executive Director, WC Operations Projects, and Tara Mercer, CUA, CIP, NCCI Manager—Information Solutions, NCCI’s Atlas Initiative Team, gave a demonstration of NCCI’s **Basic Manual for Workers Compensation and Employers Liability Insurance** and **Residual Market Manual** in the upcoming NCCI Atlas tool. They also gave an overview of what is planned for the remainder of 2023.

Two focus sessions were held to facilitate focused content and conversations within each group. The Assigned Carrier Forum was for prospective and current assigned carriers, other residual market stakeholders such as Independent Bureaus, and others affiliated with residual market. The Regulator Forum was held for regulators from several jurisdictions.

The **Residual Market Forum 2023 Highlights Report** is available on ncci.com and includes videos of presentations from the general session and access to residual market training modules.

We look forward to the next **Residual Market Forum** on February 15-16, 2024, at the Opal Grand Resort, Delray Beach, FL.

Voluntary Coverage Assistance Program

NCCI’s Voluntary Coverage Assistance Program, **VCAP® Service**, applies to employers seeking coverage in the Workers Compensation Insurance Plans (WCIPs) administered by NCCI, and operates as a supplemental program to NCCI’s residual market application processing system, **RMAPS® Online Application Service**.

Developed as a depopulation tool, **VCAP® Service** helps producers and employers find voluntary workers compensation coverage as a last-chance effort prior to entering the residual market. **VCAP® Service** applies in AK, AL, AR, AZ, CT, DC, GA, ID, IL, KS, MS, NH, NM, NV, OR, SC, SD, TN, VT, and WV.

Results for 2022 include the following:

- **VCAP® Service** redirected more than \$23 million in premium from the residual market to the voluntary market
- An approximate savings of \$3.1 million on 4,193 confirmed policies—or \$739 per employer—was achieved, equaling an average 14% savings per policy to the employer

For more information on **VCAP® Service**, contact Stacey Dever at 561-893-3628 or stacey_dever@ncci.com.

Oklahoma Plan Administration

Legislation enacted in 2022 called for the development and administration of an Oklahoma assigned risk plan to provide workers compensation insurance coverage to employers that are unable to procure coverage in the voluntary market. Pursuant to this new section of law codified in Section 608.2 of Title 36 of the Oklahoma Statutes, the Oklahoma Insurance Department (OID) appointed NCCI as the Administrator of the new assigned risk plan. The OID will be adopting NCCI’s Workers Compensation Insurance Plan Rules in Oklahoma effective June 1, 2024. NCCI will be making required filings to update impacted manuals and readying residual market systems in preparation. A servicing carrier selection process will be conducted by NCCI in 2023 for contracts to be effective June 1, 2024.

Plan and Pool Membership (PPM) System Rewrite

This multiyear project completed in 2022, resulted in a new system called the Residual Market Management System (RMMS). This new system replaces the legacy Plan and Pool Membership (PPM) system to better support the current business processes of Residual Market Administration. Highlights of the new RMMS include:

- Modernized Plan and Pool Record Management and Reports
- Proactive carrier quota management in line with current reporting practices
- Improved ***Servicing Carrier Selection and Oversight Service (SCSOSSM Service)*** Assigned Carrier and Regulator Quota Reports

For more information on RMMS, contact Brian Mourer at 561-893-3008 or brian_mourer@ncci.com

Filings and Manuals

NCCI's ***Residual Market Manual for Workers Compensation and Employers Liability Insurance (Residual Market Manual)*** contains critical residual market rules, including:

- State Workers Compensation Insurance Plans (WCIP)
- Available coverages
- Initial or deposit premium and premium installment schedules
- Producer fee tables
- Professional employer organization (PEO) arrangements
- Loss Sensitive Rating Plan (LSRP)
- Assigned Risk Adjustment Program (ARAP)
- Voluntary Coverage Assistance Program (***VCAP[®] Service***)
- Take-Out Credit Program

NCCI continues to monitor the residual market to determine future WCIP enhancements. In 2022, NCCI completed several filings that will impact the residual market including:

- Revisions to Rules Related to the Connecticut Coverage Election by Employee who is an Officer of a Corporation or a Member of an LLC Form (Form 6B) effective December 15, 2022
- Revisions to Basic Manual Rules Related to Payroll Limitations in Nevada effective September 1, 2022
- Revisions to Residual Market Rules Related to Outstanding Premium Obligations in the Georgia Workers Compensation Insurance Plan (WCIP) effective June 1, 2022
- Revisions to Residual Market Rule Related to Declinations in Virginia effective March 1, 2022
- Revisions to the Dispute Resolution Process in Kansas effective March 1, 2022
- Revisions to Rule for State Payroll Determination for Partners and Sole Proprietors and Establishment of Expense Constant Rule in Idaho effective January 1, 2022
- Revisions to the Alaska Assigned Risk Workers Compensation Premium Algorithm effective January 1, 2022
- Revisions to Assigned Carrier Performance Standards in Oregon effective January 1, 2022

For more information on residual market filings and manuals, contact NCCI's Plan Administration Department at plan_administration@ncci.com.

NCCI Take-Out Credit Programs

State	Calendar Year Credits					
	2020		2021		2022	
	Policies	Credit Amount (\$)	Policies	Credit Amount (\$)	Policies	Credit Amount (\$)
Alabama	170	1,201,524	151	1,041,592	149	1,175,331
Alaska	1,186	6,436,385	1,038	5,125,310	965	4,730,374
Arizona	2,416	13,814,998	2,159	12,406,207	1,956	11,085,409
Arkansas	1,051	5,378,187	887	4,062,895	759	5,231,708
Connecticut	1,099	5,322,433	1,018	3,660,060	1,091	4,668,990
District of Columbia	276	1,294,976	236	605,887	203	236,768
Georgia	1,542	15,353,291	1,432	12,978,578	1,275	13,233,552
Illinois	3,639	20,087,453	3,135	17,378,877	2,840	15,998,020
Iowa	827	3,807,416	676	5,329,942	603	5,614,249
Kansas	1,881	7,706,922	1,931	5,914,163	1,842	5,509,428
Mississippi	619	3,751,777	472	1,580,672	416	2,923,668
New Hampshire	1,122	3,206,705	1,052	2,766,494	713	2,053,249
New Mexico	457	2,413,883	644	2,303,777	687	1,695,118
Oregon	3,346	13,871,605	2,987	12,677,890	2,239	11,628,855
South Carolina	1,135	4,388,677	1,076	4,531,967	936	3,364,137
South Dakota	669	4,868,374	391	1,459,547	276	3,364,573
Tennessee	1,714	7,845,904	1,508	7,026,472	1,473	8,602,785
Vermont	762	3,088,635	637	2,766,002	414	2,437,152
Virginia	1,558	7,574,019	1,423	7,050,486	1,203	6,699,322
West Virginia	294	1,886,635	217	358,567	166	850,547
Totals	25,763	133,299,799	23,070	111,025,385	20,206	111,103,235

Take-Out Credit Program Update

NCCI's **Take-Out Credit (TOC) Program** encourages the depopulation of the residual market. This is achieved by providing a credit incentive to participating plan insurers for the removal of an employer from the residual market and replacement of coverage with a voluntary market policy. Credits are applied that reduce the amount of premium used in calculating the voluntary coverage provider's reinsurance pooling mechanism participation base or direct assignment carrier quota in a given state.

In 2022, more than \$111 million in credits were earned for policies removed from the residual market and placed in the voluntary market. This represents a slight increase in credits earned, and a 12.4% decrease in the number of qualifying policies over the previous year. These credits were derived from 20,206 policies and \$89 million in qualifying premium.

TOC Program rules and criteria are included in NCCI's **Residual Market Manual**. Please email ncci_toc_admin@ncci.com with any questions.

Pool Administration

NCCI provides accounting, actuarial, management, and administrative services for various reinsurance pooling mechanisms. During 2022, these pooling mechanisms provided reinsurance for the assigned risk plans in 26 jurisdictions, with 23 of these state plans reinsured through the National Workers Compensation Reinsurance Association's (NWCRA) quota share reinsurance pooling mechanism.

The NWCRA is responsible for all policymaking and oversight functions for the National Workers Compensation Reinsurance Pooling Mechanism (National Pool). The National Pool operates pursuant to the NWCRA bylaws and quota share reinsurance agreements, under the direction of the NWCRA Board of Directors. The NWCRA contracts with NCCI for the provision of administrative and operational services.

Reinsurance Pools Results and Information

The **Reinsurance Pools Results and Information (RPRI)** system on **ncci.com** provides Pool participants with the ability to view Pool-related data and download reports into Microsoft® Excel spreadsheets or PDFs.

RPRI contains reports and information for reinsurance pools for which NCCI acts as Pool Administrator or is contracted to provide financial reporting services. The Pools contained in **RPRI** are:

- National Workers Compensation Reinsurance Pooling Mechanism
- Massachusetts Workers' Compensation Assigned Risk Pool
- Michigan Workers' Compensation Placement Facility
- New Mexico Workers' Compensation Assigned Risk Pool

Pool participants can access their own operating results on an individual carrier level, group level, or aggregate level, as well as invoices and distribution notices, accident year data, and the Quarterly Summary of Operating Results circular.

RPRI also provides Pool participants with Premium Call data, displaying components for written premium and premium credits used in the calculation of each participating company's voluntary premium writings for the determination of quota share percentages. The premium ratio report provides data by state, year, industry premium totals, carrier premium totals, and the participation ratios (quota share). Other available information includes commutations and insolvencies, salvage and subrogation, and working fund advances.

Additional reports accessible to Pool participants through **RPRI** are audited financial statements of the Pools, Pool Reserving Committee Meeting Agendas and Minutes, and the Annual Actuarial Report on Pool Reserves, along with the Statements of Actuarial Opinion. Also, the report on the reserve liabilities by state and policy year related to the participation of insolvent companies, as referenced in the Quarterly Summary of Operating Results circular, can be accessed, as well as a variance analysis tool that allows two quarters of comparison of carrier operating results by state and policy year.

Pool participants can sign up for emails that notify them when results become available on **ncci.com** and when invoices and distribution notices are due. Remittance information is also provided on **RPRI**.

For more information on **RPRI**, contact Andy Kondoleon at 561-893-3014 or andy_kondoleon@ncci.com.

To obtain access to **RPRI**, contact NCCI's Customer Service Center at 800-NCCI-123 (800-622-4123).

Pool Quota Share Allocation Method

The reinsurance pooling mechanisms serviced by NCCI are a collection of state-specific quota share reinsurance agreements, with each participating company being responsible, on an assumed reinsurance basis, for the actual financial results of the residual market policies reinsured through these various pooling mechanisms.

Each state and policy year represent a separate quota share reinsurance agreement. Each participating company's quota share is based on its voluntary market share of direct workers compensation written premium (Annual Statement Statutory Page 14 basis) in each state during the calendar year corresponding to each policy year (e.g., Policy Year 2022 allocations based on Calendar Year 2022 market shares).

These reinsurance agreements are similar to quota share reinsurance agreements in the voluntary market, with the participating reinsurers continuing to receive assumption reports for their respective share of the reinsured activity until such time as all claims are closed. Until then, the results that are reinsured by the participating companies are subject to change as a result of loss development and the incurring of contractual administrative and other expenses.

Allocations and distributions of operating results are made on a quarterly basis, approximately 75 days following the last day of each calendar quarter, representing assumed reinsurance transactions for participating companies in these reinsurance pooling mechanisms.

Pool Data Reporting

Servicing carriers for the NCCI-serviced reinsurance pooling mechanisms use the ***Pool Financial Data Collection*** tool at **ncci.com** to electronically report residual market data. Features of the tool include:

- Action-oriented dashboard that displays a summary view of your expected and submitted data
- Easy to use interface where users can search, validate, import, create, view, modify, and delete Pool data prior to each quarter's reporting due date
- Centralized access to all quarterly Pool-related data including edits, data by data type, attachments, and adjustments
- The ability to upload detailed spreadsheets and attach the signed transmittal directly into the tool

Servicing carriers report residual market data such as:

- NP-1 Transmittal Letter
- Financial Summary (NP-4) data
- Expanded Financial (NPX) data
- Large Loss Claims (LGL) data
- Supplemental detail reports including NP-2, NP-3, NP-5, and NP-6

The following resources are available to support the quarterly Pool data submission process:

Learning Center

Targeted webinars (demos) are available in the Learning Center on the Pool Data page at ncci.com to assist users with navigating the tool.

Pool Data Reporting Guidebook

NCCI's *Pool Data Reporting Guidebook* provides the rules and requirements for the servicing carrier reporting of residual market Pool data to NCCI. It contains coding values, record layouts, and reporting examples. The guidebook complements the compliance requirements in NCCI's *Servicing Carrier Reference Guide* and is a detailed data reporting resource for servicing carriers. The *Pool Data Reporting Guidebook* can be accessed from NCCI's electronic **Manuals Library** on ncci.com.

For more information on the *Pool Data Reporting Guidebook*, contact NCCI's Customer Service Center at 800-NCCI-123 (800-622-4123).

Data Manager Dashboard

Data Manager Dashboard (DMD) provides servicing carrier users with the ability to monitor the quality and timeliness of their group's Pool data submissions by:

- Providing carrier group level timeliness and error volume trends for the current and prior four quarters
- Displaying a status indicator for on-time and late submissions
- Comparing and trending the volume of errors received from quarter to quarter

Residual Market Results

As shown in Exhibit A, Policy Year (PY) 2022 ultimate written premium for all reinsurance pooling mechanisms serviced by NCCI is projected to be \$775 million, representing a 0.3% decrease in premium volume from the projected level of \$777 million for PY 2021.

After several years of relative consistency, premium volume gradually decreased from 2015 to 2020 with 2021 and 2022 remaining relatively flat. The average year-over-year decrease between 2015 and 2022 was 5.4%.

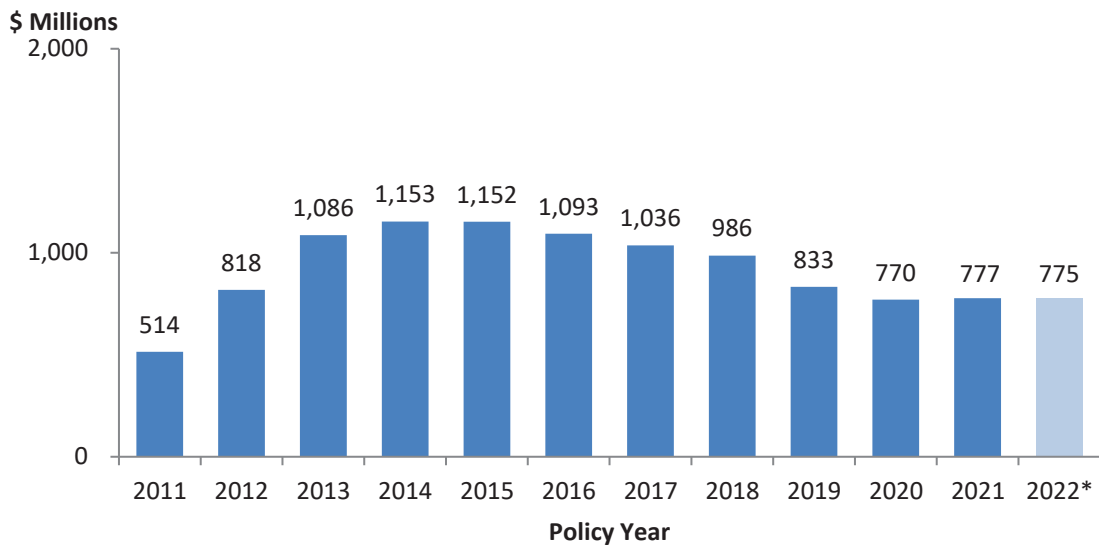
These premium volumes and year-over-year changes include the effect of new policies, renewals, cancellations, nonrenewals, and premium-level changes. Estimates of "true growth" in residual market premium volume, which consider various economic factors and market conditions, are discussed separately in a later section of this report.

NCCI is preliminarily projecting a residual market operating loss of \$40 million for PY 2022 (see Exhibit B) activity reinsured through these reinsurance pooling mechanisms. This is equivalent to a combined ratio of 105% (see Exhibit C). As reflected in Exhibit D, the residual market share of the total market direct written premium decreased slightly to 5.0% in the preliminary Calendar Year (CY) 2022 results compared to 5.3% in CY 2021 for states in which NCCI is both Plan and Pool Administrator.

Exhibit A

Written Premium[#]

All Pools Serviced by NCCI, as of December 31, 2022



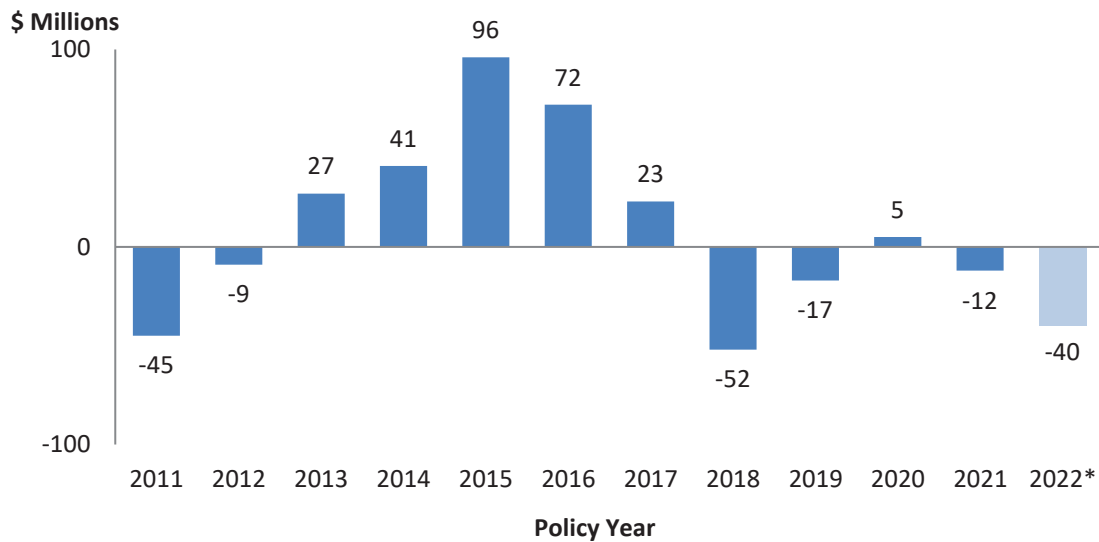
Projected to Ultimate; Tennessee Reinsurance Mechanism premium is not included in policy years prior to 2016.

* Incomplete Policy Year.

Exhibit B

Operating Gain/Loss[#]

All Pools Serviced by NCCI, as of December 31, 2022



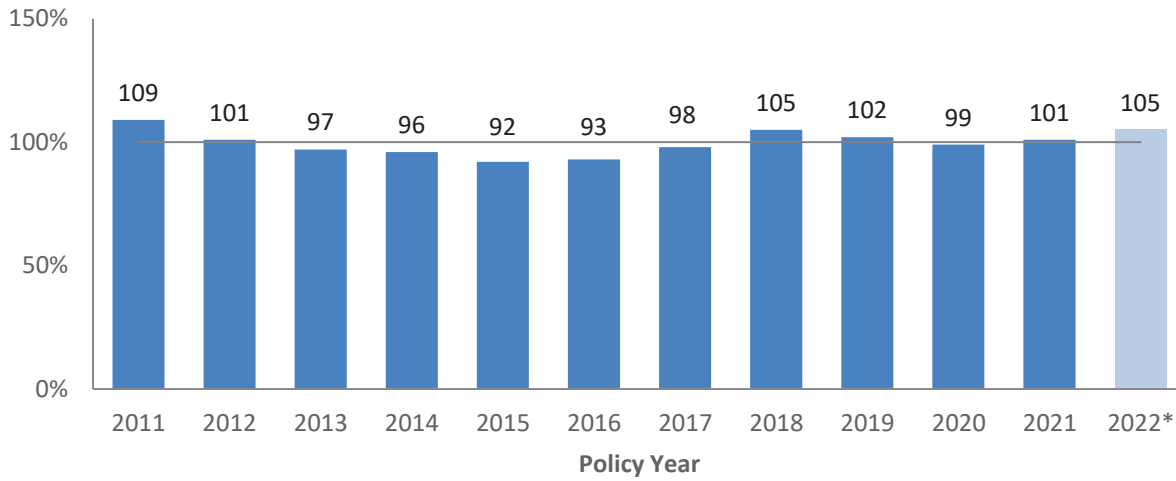
Projected to Ultimate; Tennessee Reinsurance Mechanism experience is not included in the operating results for policy years prior to 2016.

* Incomplete Policy Year.

Exhibit C

Combined Ratio[#]

All Pools Serviced by NCCI, as of December 31, 2022



[#] Projected to Ultimate; Tennessee Reinsurance Mechanism experience is not included in the combined ratios for policy years prior to 2016.

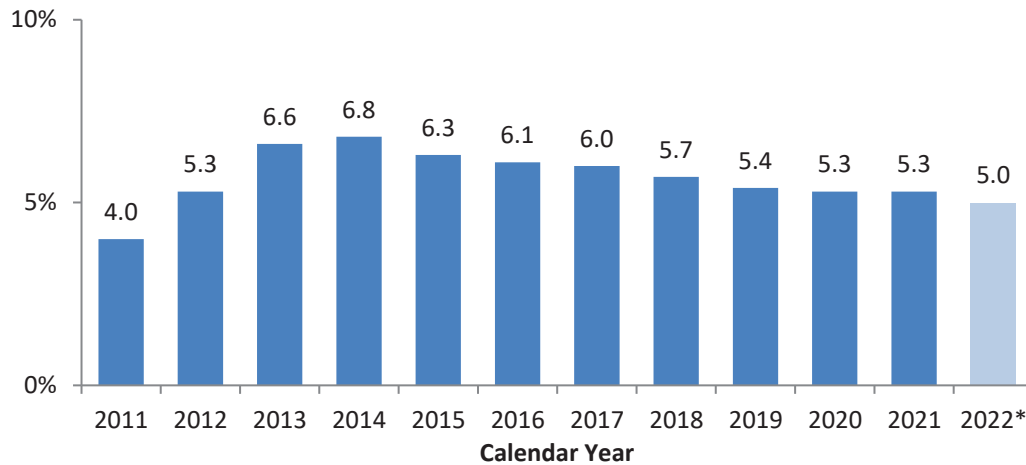
* Incomplete Policy Year.

Exhibit D

Residual Market Share

NCCI Pool- and Plan-Administered States (Includes Direct Assignments)

Plan Premium as a Percentage of Direct Written Premium



* Preliminary

Servicing Carrier Oversight Process

NCCI uses a comprehensive oversight program composed of four components to ensure that the servicing carriers are fulfilling their obligations to the Plans and Pools. This program ensures that the assigned carriers are on track to meet performance expectations from the moment they begin writing policies and servicing claims. NCCI manages the oversight program using the following four components:

- Visitations
- Servicing Carrier Operations Reporting (SCOR)
- Self-Audits
- On-Site Audits

Visitations—A visitation is conducted early in the process of underwriting policies and managing claims to provide a new servicing carrier with a high-level synopsis of how it is handling residual market business per NCCI’s **Assigned Carrier Performance Standards (ACPS)**. NCCI reviews company procedures through internal control questionnaires and reviews a limited number of policies and claims to determine compliance with established standards of performance and any applicable bid enhancements.

The visitation is an opportunity to partner with the servicing carrier to help set expectations, review exceptions to the standard rules, and ensure that the carrier is on track by reviewing a small sampling of files and walking through company procedures.

Results from the visitation are provided to the servicing carrier for informational purposes only.

SCOR—Servicing Carrier Operations Reporting (SCOR) is a program in which the National Pool servicing carriers respond, on a quarterly or semiannual basis, to a series of questions at a high level. SCOR acts as an early indicator mechanism to advise servicing carriers and residual market administrators of servicing carrier compliance with the timeliness aspects of the **ACPS**. SCOR helps determine carrier compliance at a global level and helps the carrier identify any deficiencies early on, instead of waiting for the self-audit or on-site audit.

If a servicing carrier scores 10 or more percentage points below the established compliance threshold for any individual attribute, a corrective action plan must be submitted. As of December 31, 2022, three servicing carriers reported detailed SCOR results. Exhibit E indicates the number of data elements rated and how many are rated at or above a “Satisfactory” level.

Self-Audits—The self-audit process is a Web-based application in which randomly selected policies and claims are reviewed. The carrier is required to respond to a series of standardized questions for each of the selected policies and claims. Carrier ratings are then determined for key attributes, which are specific areas of performance linked to individual performance standards as outlined in the established **ACPS**. The carrier is required to submit a corrective action plan for any attributes rated less than “Satisfactory.”

NCCI uses the self-audit process to determine a level of compliance with established standards of performance and applicable bid enhancements during the years in which an on-site audit is not conducted. It is applicable to all active and first-year run-off servicing carriers.

NCCI verifies a sampling of the servicing carrier’s self-audit responses during the next on-site audit.

Exhibit F shows the aggregate ratings, which summarize all key attribute ratings for the six National Pool servicing carrier self-audits in 2022. These ratings are used as a component of the scoring of future servicing carrier bids.

On-Site Audits—On-site audits encompass a full-scope review of policies and claims handled by servicing carriers for various attributes outlined in NCCI’s on-site rating system for servicing carriers.

The on-site audit program consists of two separate reviews. The Operational Performance Review ties results from underwriting, audit, loss prevention, claims, and billing directly to information contained in the policy and/or claim file to the **ACPS**. The NCCI Operational Performance Review measures both accuracy and timeliness on all performance standards.

The Reporting Requirements and Processing Procedures Review focuses on:

- Accurate calculation and reporting of financial transactions to the appropriate reinsurance pooling mechanism
- Timely and accurate reporting of data to the Plan and Pool Administrators
- Adequacy of processing procedures and controls for handling assigned risk policies and claims

Ratings are provided and used as part of the scoring of future servicing carrier bids. The aggregate ratings for the seven National Pool servicing carriers’ on-site audits conducted in 2022 are shown in Exhibit F.

Corrective programs that may result from the on-site audit process are:

- **Quantifications**—Quantifications result from NCCI’s review of Pool-reported financial transactions. If a servicing carrier has misreported transactions to the Pool, then NCCI works with the carrier to identify the issue, address the cause of misreporting, and correct the reporting to the Pool. During 2022, seven quantifications and related financial adjustments were completed and as of December 31, 2022, there were also three quantifications pending final review.
- **Self-Assessments**—The self-assessment process requires that the servicing carrier provide the status of the corrective actions resulting from the recommendations made during the on-site audit. This occurs about nine months after the on-site audit has concluded. NCCI reviews the servicing carrier’s self-assessment to ensure that the carrier has shown sufficient evidence that it has corrected the issue.
- **Remediation**—The remediation program is a two-tiered performance management initiative that provides a progressive discipline for servicing carriers that have not demonstrated adequate performance for either the self-audit or the on-site audit. Servicing carriers not performing satisfactorily are required to have additional levels of reporting, oversight, and/or financial penalties imposed.

The remediation program is divided into two tiers:

- Tier One remediation is implemented when a servicing carrier performs less than satisfactorily in certain ratable attributes, which are specific areas of performance linked to individual performance standards
- Tier Two remediation is implemented when a servicing carrier scores less than satisfactorily on an aggregate basis

In specific situations, NCCI may conduct a re-audit, reduce a servicing carrier’s quota, or terminate the servicing carrier’s contract to write policies. In addition, the servicing carrier may lose its certification, thereby making it ineligible to qualify to bid until its performance is brought up to acceptable levels.

There were five National Pool servicing carriers who were assessed Tier One remediation penalties in 2022, and one servicing carrier was assessed a Tier Two remediation.

Exhibit E

SCOR Results—National Pool

Data Elements Rated Below Satisfactory	Number of Carriers											
	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
0	4	3	3	4	2	3	4	3	2	5	2	3
1	1	0	0	1	2	0	1	1	1	0	2	0
2	0	1	0	0	0	0	0	0	0	0	0	0
3 or more	0	0	0	0	0	0	0	0	0	0	0	0

Exhibit F

Servicing Carrier Aggregate Ratings—National Pool

2022 Self-Audit Aggregate Ratings	Commendable	Satisfactory	Marginal	Unsatisfactory
Underwriting, Premium Audit, and Loss Prevention Performance Standards	5	1	0	0
Claims Performance Standards	6	0	0	0
2022 On-Site Audit Aggregate Ratings				
Reporting Requirements and Procedures	N/A	7	0	0
Underwriting, Premium Audit, and Loss Prevention Performance Standards	1	0	0	0
Claims Performance Standards	6	1	0	0

Servicing Carrier Audit Initiatives

NCCI's Carrier Audit Services Department continuously evaluates the processes for the four audit components: visitations, SCOR (Servicing Carrier Operations Reporting), self-audits, and on-site audits.

Initiatives in 2022 Included:

- Carrier Audit Services reorganization
- Continued improvements to the electronic work papers and summarization in the ***Carrier Audit Program (CAP)***
- Implementing enhancements to ***CAP*** to improve customer experience and internal reporting and monitoring
- Conducting remote audits, whenever possible, using a secure and authorized connection to the servicing carriers' networks and systems
- Assisting the Pool External Audit Team

Financial and Actuarial Results for 2022

Comparative financial analyses and operating results for all pools serviced by NCCI are shown in Exhibits G through J. The 2022 calendar year results for the reinsurance pools administered by NCCI reflect a net operating gain for the National Workers' Compensation Reinsurance Pool, the Massachusetts Workers' Compensation Assigned Risk Pool, the Michigan Workers' Compensation Placement Facility, and the New Mexico Workers' Compensation Assigned Risk Pool (see Exhibits K through N).

The combined net operating gain for all pools managed by NCCI was approximately \$130 million in Calendar Year 2022, compared with the net operating gain of \$240 million in Calendar Year 2021.

- The National Pool results reflect an operating gain of \$105 million compared with an operating gain of \$220 million in the prior year (Exhibit K)
- The Massachusetts Pool results reflect an operating gain of \$5 million compared with a gain of \$6 million in the prior year (Exhibit L)
- The Michigan Pool results reflect an operating gain of \$16 million compared with a gain of \$10 million in the prior year (Exhibit M)
- The New Mexico Pool results reflect an operating gain of \$3 million compared with a gain of \$5 million in the prior year (Exhibit N)

Comparative Calendar Years Financial Analysis

Exhibit G

All Pools Serviced by NCCI—Calendar Years 2022 and 2021 (\$000s)

	Calendar Year 2022 Quarterly Results				Calendar Year	
	First (\$)	Second (\$)	Third (\$)	Fourth (\$)	2022 (\$)	2021 (\$)
Premiums Written	217,304	213,159	182,033	184,956	797,452	710,227
Premiums Earned	212,653	200,125	191,020	193,809	797,607	725,154
Incurred Losses	59,969	121,207	89,158	124,694	395,028	214,628
Loss Ratio (%)	28.2	60.6	46.7	64.3	49.5	29.6
Paid Losses	134,608	136,855	143,204	150,035	564,702	574,653
ALAE for Black Lung	780	845	938	1,101	3,664	3,573
Servicing Carrier Allowance	52,720	50,547	49,327	42,885	195,479	190,548
Producer Fees	7,597	9,074	7,295	8,121	32,087	28,735
Administrative Expenses	2,832	2,926	3,296	3,449	12,503	12,868
Other Expenses	7,133	5,314	10,045	9,889	32,381	38,266
Net Underwriting Gain (Loss)	82,402	11,058	31,900	4,770	130,130	240,112
Investment Income	0	0	2	57	59	0
Net Operating Gain (Loss)	82,402	11,058	31,902	4,827	130,189	240,112
EBNR Premium Reserves	(51,629)	(45,172)	(40,213)	(29,710)	(29,710)	(37,382)
Loss Ratio With EBNR (%)	30.2	58.7	45.5	61.0	49.1	30.1
Unearned Premiums	253,802	266,836	257,849	248,996	248,996	249,150
Outstanding Losses	2,656,643	2,643,005	2,670,378	2,674,517	2,674,517	2,689,165
IBNR	1,559,918	1,557,908	1,476,489	1,447,011	1,447,011	1,602,035
Cash Flow	12,414	8,444	(31,131)	(29,366)	(39,639)	(134,842)
Uncollectible Premiums	25,359	36,288	47,708	31,088	140,443	161,337

Exhibit H

All Pools Serviced by NCCI—Calendar Years 2021 and 2020 (\$000s)

	Calendar Year 2021 Quarterly Results				Calendar Year	
	First (\$)	Second (\$)	Third (\$)	Fourth (\$)	2021 (\$)	2020 (\$)
Premiums Written	185,640	204,175	148,701	171,711	710,227	795,953
Premiums Earned	181,864	199,749	157,434	186,107	725,154	817,548
Incurred Losses	12,542	99,313	(23,064)	125,837	214,628	244,362
Loss Ratio (%)	6.9	49.7	(14.6)	67.6	29.6	29.9
Paid Losses	141,988	148,372	144,871	139,422	574,653	615,887
ALAE for Black Lung	680	843	889	1,161	3,573	3,099
Servicing Carrier Allowance	49,575	53,666	43,511	43,796	190,548	198,753
Producer Fees	7,145	7,843	6,847	6,900	28,735	29,857
Administrative Expenses	2,974	3,032	3,298	3,564	12,868	13,516
Other Expenses	5,652	13,166	4,782	14,666	38,266	27,293
Net Underwriting Gain (Loss)	103,978	22,730	122,060	(8,656)	240,112	303,766
Investment Income	0	0	0	0	0	31
Net Operating Gain (Loss)	103,978	22,730	122,060	(8,656)	240,112	303,797
EBNR Premium Reserves	(45,586)	(39,395)	(47,980)	(37,382)	(37,382)	(24,461)
Loss Ratio With EBNR (%)	7.8	48.2	(15.5)	64.0	30.1	29.9
Unearned Premiums	267,853	272,280	263,546	249,150	249,150	264,077
Outstanding Losses	2,783,510	2,744,724	2,715,274	2,689,165	2,689,165	2,817,005
IBNR	1,738,270	1,727,996	1,589,512	1,602,035	1,602,035	1,800,843
Cash Flow	(21,693)	(21,903)	(54,608)	(36,638)	(134,842)	(89,323)
Uncollectible Premiums	37,248	41,609	58,614	23,866	161,337	118,854

Exhibit I

Comparative Policy Years Financial Analysis

All Pools Serviced by NCCI—Policy Years 2022 and 2021 (\$000s)

	Policy Year 2022 Quarterly Results				As of December 31, 2022	
	First (\$)	Second (\$)	Third (\$)	Fourth (\$)	PY 2022 (\$)	PY 2021 (\$)
Premiums Written	139,699	185,613	187,120	186,683	699,115	805,987
Premiums Earned	32,079	92,316	145,351	180,374	450,120	805,987
Incurred Losses	24,693	73,275	113,102	130,024	341,094	547,871
Loss Ratio (%)	77.0	79.4	77.8	72.1	75.8	68.0
Paid Losses	593	6,055	17,542	25,615	49,805	190,281
Net Expenses	40,333	51,340	49,880	50,921	192,474	235,762
Net Operating Gain (Loss)	(32,948)	(32,299)	(17,630)	(571)	(83,448)	22,353
EBNR Premium Reserves	0	0	0	0	0	(28,979)
Loss Ratio With EBNR (%)	77.0	79.4	77.8	72.1	75.8	70.5
Unearned Premiums	107,620	200,918	242,687	248,996	248,996	0
Outstanding Losses	7,316	33,059	69,362	108,141	108,141	208,576
IBNR	16,785	58,261	117,518	183,149	183,149	149,014
Cash Flow	98,773	128,218	119,699	110,148	456,838	379,944
Uncollectible Premiums	0	0	358	2,816	3,174	65,213

Exhibit J

Combined Calendar Years Operating Results

All Pools Serviced by NCCI—Calendar Years 2013–2022 (\$000s)

Calendar Year	Written Premium (%)	Increase (Decrease) Previous Year (%)	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
2022	797,452	12.3	797,607	395,028	49.5	130,189
2021	710,227	(10.8)	725,154	214,628	29.6	240,112
2020	795,953	(8.7)	817,548	244,362	29.9	303,797
2019	871,986	(16.7)	909,083	470,639	51.8	142,505
2018	1,046,649	(1.9)	1,066,284	598,246	56.1	135,268
2017	1,066,968	(2.8)	1,051,430	556,583	52.9	151,369
2016	1,097,898	(6.2)	1,121,401	589,890	52.6	171,095
2015	1,170,721	2.0	1,161,220	480,926	41.4	292,985
2014	1,147,434	7.8	1,121,252	730,183	65.1	10,551
2013	1,064,293	39.8	990,445	708,843	71.6	(67,367)

Individual Pools Calendar Year Operating Results

Quarterly Comparison for Calendar Year 2022; Annual Comparison for Calendar Years 2022 and 2021 (\$000s)

Exhibit K

National Workers' Compensation Reinsurance Pooling Mechanism

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2022	170,908	38,379	22.5	75,994
2nd Quarter 2022	160,445	96,976	60.4	9,311
3rd Quarter 2022	151,318	60,990	40.3	33,248
4th Quarter 2022	150,416	113,081	75.2	(13,128)
Calendar Year 2022	633,087	309,426	48.9	105,425
Calendar Year 2021	573,674	134,757	23.5	219,819

* Includes Inactive Pools Merged With National Pool Effective January 1, 1997.

Exhibit L

Massachusetts Workers' Compensation Assigned Risk Pool

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2022	23,311	14,261	61.2	1,094
2nd Quarter 2022	23,731	18,804	79.2	(3,442)
3rd Quarter 2022	25,365	19,636	77.4	(2,490)
4th Quarter 2022	27,339	8,417	30.8	10,255
Calendar Year 2022	99,746	61,118	61.3	5,417
Calendar Year 2021	95,302	58,031	60.9	5,897

Exhibit M

Michigan Workers' Compensation Placement Facility

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2022	17,078	7,690	45.0	4,359
2nd Quarter 2022	14,489	5,209	36.0	4,721
3rd Quarter 2022	13,066	9,386	71.8	(198)
4th Quarter 2022	14,640	2,773	18.9	7,522
Calendar Year 2022	59,273	25,058	42.3	16,404
Calendar Year 2021	50,740	23,887	47.1	9,685

Exhibit N

New Mexico Workers' Compensation Assigned Risk Pool

	Earned Premium (\$)	Incurred Losses (\$)	Loss Ratio (%)	Net Operating Gain/(Loss) (\$)
1st Quarter 2022	1,356	(361)	(26.6)	956
2nd Quarter 2022	1,460	217	14.9	467
3rd Quarter 2022	1,272	(854)	(67.1)	1,341
4th Quarter 2022	1,413	422	29.9	179
Calendar Year 2022	5,501	(576)	(10.5)	2,943
Calendar Year 2021	5,438	(2,048)	(37.7)	4,710

Premium Volume and True Growth

Pool premium volume changes are only part of the picture when measuring residual market growth from year to year. True residual market growth compares pool premium for the current and prior policy years at the same level of maturity (measured in quarters) and then adjusts for shifts in direct assignment volume, the impacts of premium level changes, and wage growth.

NCCI's latest projections of adjusted premium volume changes indicate a 4% decrease from Policy Year 2021 to Policy Year 2022. This amount differs from the steady pool premium volume shown in Exhibit A due to the adjustments described above. The premium volume in the most recent three policy years appears to have stabilized.

Reserving

NCCI reviews reserving methodologies and indications each quarter. In addition, Pool Reserving Committees, composed of six insurance company actuaries, perform a quarterly peer review of NCCI methodologies and reserve recommendations for the reinsurance pools serviced by NCCI. These recommendations are then reviewed by the applicable Pool Board and/or Pool Administrator for final acceptance.

For carrier annual statement purposes, NCCI's chief actuary issues a Statement of Actuarial Opinion on pool reserves. This certification encompasses all states with active pools serviced by NCCI, as well as all states within the National Pool.

The Policy Year 2022 combined ratio estimate for "All Pools Serviced by NCCI" is 105%, which is higher than the current estimate of Policy Year 2021 (see Exhibit C). However, estimates for "incomplete policy years" are likely to change as they mature.

NCCI uses generally accepted actuarial standards of practice to book the respective pools' loss reserves and believes that current reserve levels are adequate.

NCCI calculates reserves on both an undiscounted and a discounted basis for pool participants. The amount of discount reflects the tabular discount for the indemnity portion of pension claim reserves.

Comparison of Operating Expenses for Calendar Years 2022, 2021, and 2020

The operating expenses for Calendar Year (CY) 2022 were \$272 million compared with \$270 million in CY 2021 and \$269 million in CY 2020. As a percentage of premiums written, the expenses were 34%, 38%, and 34% for CYs 2022, 2021, and 2020, respectively. The largest component of the operating expenses is the servicing carrier allowance, which accounted for approximately 71% of these expenses in CY 2022.

The servicing carrier allowance in 2022 was \$195 million compared with \$191 million in 2021 and \$199 million in 2020. This increase is primarily due to a 12% increase in written premiums in 2022.

Producer fees for CYs 2022, 2021, and 2020 were \$32 million, \$29 million, and \$30 million, respectively.

Other expenses, which include servicing carrier indemnification expenses, collection costs, and other reimbursable expenses, decreased to \$32 million compared with \$38 million in 2021 and \$27 million in 2020. The decrease in other expenses for CY 2022 is due to a decrease in taxes and assessments that were reimbursed directly to servicing carriers.

Administrative expenses were \$13 million for CY 2022 and \$13 million for CY 2021 and \$14 million in 2020.

Exhibit O

Comparison of Residual Market Written Premium to Total Direct Written Premium

Reinsurance Pools Serviced by NCCI

Calendar Years 2022 and 2021

State	Preliminary 2022					Final 2021				
	Direct Written Premium (\$)	Reinsurance Pool Written Premium (\$)	Direct Assignment Written Premium (\$)	Total Residual Market Written Premium (\$)	(%)	Direct Written Premium (\$)	Reinsurance Pool Written Premium (\$)	Direct Assignment Written Premium (\$)	Total Residual Market Written Premium (\$)	(%)
AL	418,002,718	10,251,161	5,599,035	15,850,196	3.8	394,565,145	7,071,099	3,026,775	10,097,874	2.6
AK	182,520,690	24,378,706	1,360,079	25,738,785	14.1	179,252,245	23,302,020	1,266,383	24,568,403	13.7
AZ	865,450,416	33,774,419	—	33,774,419	3.9	826,240,641	37,273,352	—	37,273,352	4.5
AR	254,552,197	23,461,024	—	23,461,024	9.2	241,354,855	20,741,222	—	20,741,222	8.6
CT	742,221,442	21,398,110	9,078,517	30,476,627	4.1	713,393,647	20,796,265	13,011,193	33,807,458	4.7
DC	158,899,554	3,527,235	—	3,527,235	2.2	152,137,781	3,634,207	—	3,634,207	2.4
GA	1,827,358,548	110,187,948	29,071,521	139,259,469	7.6	1,699,034,074	118,481,903	31,818,776	150,300,679	8.8
ID	620,311,334	10,643,779	—	10,643,779	1.7	478,165,646	7,537,819	—	7,537,819	1.6
IL	2,417,168,636	75,239,571	—	75,239,571	3.1	2,278,387,405	79,742,822	—	79,742,822	3.5
IA	696,352,587	21,466,726	4,445,541	25,912,267	3.7	645,978,076	20,285,955	4,309,679	24,595,634	3.8
KS	412,215,587	23,082,347	—	23,082,347	5.6	392,376,861	21,554,828	—	21,554,828	5.5
NV	461,467,850	19,986,172	—	19,986,172	4.3	417,481,286	21,658,060	—	21,658,060	5.2
NH	228,354,869	13,196,349	2,813,769	16,010,118	7.0	222,351,106	12,644,509	2,081,880	14,726,389	6.6
NM	297,773,633	6,244,775	—	6,244,775	2.1	256,104,778	5,218,731	—	5,218,731	2.0
OR	752,076,350	25,587,332	—	25,587,332	3.4	709,626,789	27,102,402	—	27,102,402	3.8
SC	865,821,293	59,846,435	10,254,529	70,100,964	8.1	790,678,774	38,838,393	8,171,567	47,009,960	5.9
SD	181,201,041	6,683,014	—	6,683,014	3.7	167,063,766	5,518,889	—	5,518,889	3.3
TN	826,133,292	38,396,842	13,256,938	51,653,780	6.3	761,178,827	43,296,980	10,488,543	53,785,523	7.1
VT	176,159,085	12,920,035	2,245,900	15,165,935	8.6	165,954,160	12,138,985	1,946,941	14,085,926	8.5
VA	1,007,108,985	35,793,648	19,218,794	55,012,442	5.5	979,458,781	35,798,502	17,212,223	53,010,725	5.4
WV	244,922,750	8,298,220	—	8,298,220	3.4	222,966,646	13,201,527	—	13,201,527	5.9
Sub Totals¹	13,636,072,857	584,363,846	97,344,623	681,708,469	5.0	12,693,751,289	575,838,471	93,333,960	669,172,431	5.3
DE	189,780,786	8,520,087	2,099,926	10,620,013	5.6	199,350,907	8,966,679	2,505,830	11,472,509	5.8
MA	1,350,910,095	103,720,683	128,744,261	232,464,944	17.2	1,199,739,803	94,993,670	115,472,061	210,465,731	17.5
MI	1,036,807,342	61,386,387	—	61,386,387	5.9	949,474,015	52,006,788	—	52,006,788	5.5
NJ	2,586,376,379	119,508,801	36,604,144	156,112,945	6.0	2,289,467,614	85,390,837	44,386,317	129,777,154	5.7
NC	1,446,028,011	58,767,981	28,443,562	87,211,543	6.0	1,320,255,648	56,825,712	19,013,192	75,838,904	5.7
Grand Totals	20,245,975,470	936,267,785	293,236,516	1,229,504,301	6.1	18,652,039,276	874,022,157	274,711,360	1,148,733,517	6.2

¹ Subtotals in this chart represent the results for NCCI Plan-administered states.

Exhibit P

Residual Market Share

Reinsurance Pools Serviced by NCCI

Residual Market Written Premium as a Percentage of Total Direct Written Premium Calendar Years 2018–2022

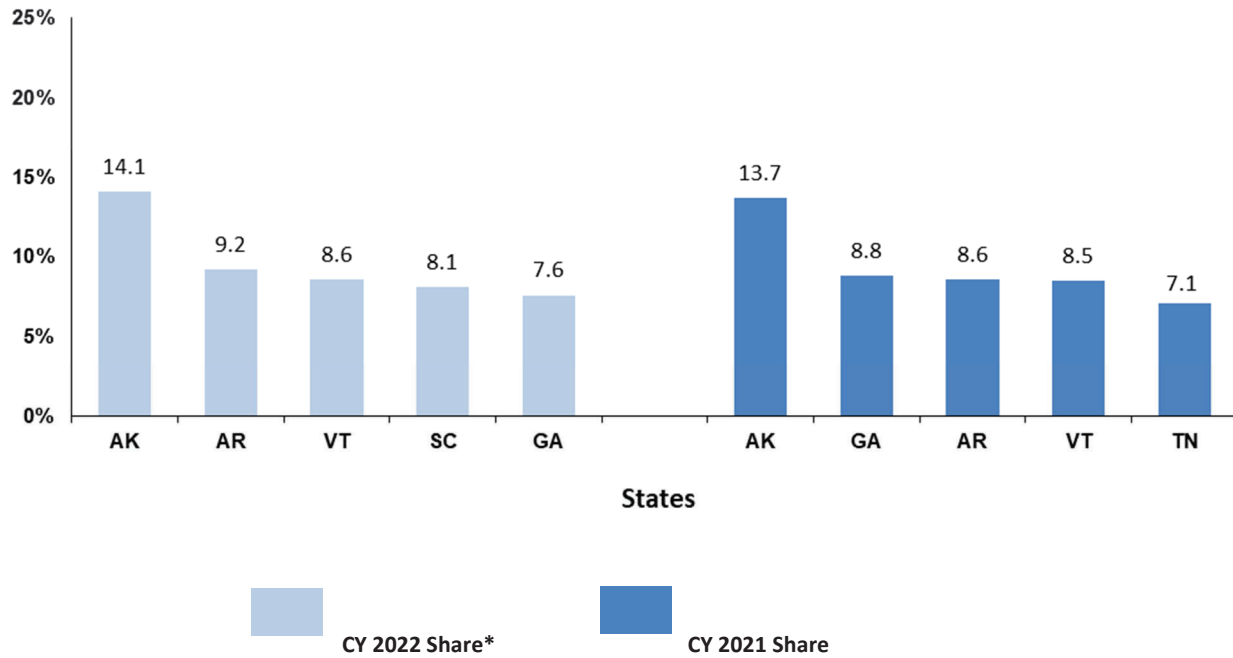
State	2022 ¹ (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)
Alabama	3.8	2.6	3.2	3.4	3.3
Alaska	14.1	13.7	12.7	14.2	15.1
Arizona	3.9	4.5	4.6	4.5	5.3
Arkansas	9.2	8.6	9.0	8.9	10.6
Connecticut	4.1	4.7	4.5	4.6	5.4
District of Columbia	2.2	2.4	2.8	3.4	4.6
Georgia	7.6	8.8	8.2	7.7	6.7
Idaho	1.7	1.6	1.5	1.1	1.1
Illinois	3.1	3.5	3.6	3.6	4.0
Iowa	3.7	3.8	4.1	3.9	4.1
Kansas	5.6	5.5	5.7	6.3	7.8
Nevada	4.3	5.2	5.7	7.1	7.0
New Hampshire	7.0	6.6	7.0	6.9	7.6
New Mexico	2.1	2.0	3.3	3.7	3.4
Oregon	3.4	3.8	3.6	4.2	5.8
South Carolina	8.1	5.9	6.9	5.4	5.5
South Dakota	3.7	3.3	3.5	3.4	4.0
Tennessee	6.3	7.1	6.9	7.4	8.0
Vermont	8.6	8.5	8.5	7.9	9.5
Virginia	5.5	5.4	5.3	6.0	6.5
West Virginia	3.4	5.9	4.5	4.5	3.7
Subtotals²	5.0	5.3	5.3	5.4	5.7
Delaware	5.6	5.8	7.4	7.7	8.3
Massachusetts	17.2	17.5	17.9	18.9	20.8
Michigan	5.9	5.5	5.8	5.6	5.7
New Jersey	6.0	5.7	7.7	8.5	9.2
North Carolina	6.0	5.7	5.6	5.9	6.3
Grand Totals	6.1	6.2	6.5	6.7	7.2

¹ 2022 Preliminary.

² Subtotals in this chart represent the market shares for NCCI Plan-administered states.

NCCI Plan-Administered States With Highest Residual Market Share Calendar Years 2022 and 2021

Residual Market Written Premium as a Percentage of Total Direct Written Premium



* Preliminary.

NCCI Plan-Administered States With Lowest Residual Market Share Calendar Years 2022 and 2021

Residual Market Written Premium as a Percentage of Total Direct Written Premium



* Preliminary.

Exhibit Q

Net Underwriting Results—All Pools Serviced by NCCI

Calendar Years 2020–2022 (excluding results for states in which only federal or extraordinary coverage is reinsured)

State	Net Underwriting Gain/(Loss) by Calendar Year		
	2022 (\$)	2021 (\$)	2020 (\$)
Alabama	4,037,123	6,215,563	15,839,832
Alaska	6,772,962	12,059,866	16,167,288
Arizona	5,545,972	14,576,611	14,901,673
Arkansas	5,456,173	1,825,412	5,708,758
Connecticut	6,090,664	13,663,758	7,891,063
Delaware	5,992,622	3,836,998	9,375,675
District of Columbia	(239,426)	(434,162)	955,418
Georgia	(18,071,000)	(27,841,579)	(19,441,436)
Idaho	683,486	(1,823,775)	1,132,412
Illinois	26,505,542	14,065,670	35,938,336
Iowa	1,331,100	16,357,108	15,355,004
Kansas	51,355	292,025	9,807,423
Massachusetts	16,493,885	26,956,326	20,732,982
Michigan	16,536,559	10,058,486	25,826,721
Nevada	2,103,333	4,416,894	9,823,398
New Hampshire	5,628,067	12,348,170	13,327,230
New Jersey	7,039,350	23,635,179	29,675,821
New Mexico	2,932,575	4,710,045	2,710,001
North Carolina	18,545,557	7,220,934	9,590,354
Oregon	(7,980,571)	5,688,950	11,169,502
South Carolina ¹	(8,223,307)	6,771,432	8,122,395
South Dakota	1,212,967	6,960,001	5,960,043
Tennessee	25,046,450	15,678,286	24,866,490
Vermont	1,257,279	5,325,058	1,842,184
Virginia	6,894,091	14,746,685	13,597,967
West Virginia	(664,019)	1,249,703	3,668,841
Subtotals	130,978,789	198,559,642	294,545,375
Runoff States:			
Florida ²	(771,156)	5,008,922	4,754,135
Hawaii ³	453,222	1,339,168	1,156,711
Indiana ⁴	32,089	444,283	1,005,076
Kentucky ⁵	9,168,654	22,519,787	1,678,949
Louisiana ⁶	(4,499,092)	8,463,914	325,933
Maine ⁷	(550,695)	9,520,646	(1,887,537)
Mississippi ⁷	(523,752)	(10,453,108)	2,040,328
Missouri ⁸	(3,463,731)	3,318,427	2,048,900
Nebraska ⁹	(189,705)	(222,183)	749,651
Rhode Island ⁷	(123,543)	1,130,419	503,243
Totals	130,511,081	239,629,916	306,920,764

¹ South Carolina underwriting results represent policies with effective dates prior to May 1, 2000, and subsequent to April 30, 2003.

² Florida underwriting results represent policies with effective dates prior to January 1, 1994.

³ Hawaii underwriting results represent policies with effective dates prior to July 20, 1997.

⁴ Indiana underwriting results represent policies with effective dates prior to January 1, 2005.

⁵ Kentucky underwriting results represent policies with effective dates prior to September 1, 1995.

⁶ Louisiana underwriting results represent policies with effective dates prior to October 1, 1992.

⁷ Maine, Mississippi and Rhode Island underwriting results represent policies with effective dates prior to January 1, 1993.

⁸ Missouri underwriting results represent policies with effective dates prior to July 1, 1995.

⁹ Nebraska underwriting results represent policies with effective dates prior to July 1, 1997.

Exhibit R

Comparative Number of Residual Market Policies

Policy Years 2022 and 2021*

State	2022 Policies	2021 Policies	Number Change	Percent Change (%)
Alabama	1,672	1,704	(32)	(1.9)
Alaska	6,161	6,423	(262)	(4.1)
Arizona	4,502	4,974	(472)	(9.5)
Arkansas	6,146	6,161	(15)	(0.2)
Connecticut	12,170	12,536	(366)	(2.9)
District of Columbia	739	800	(61)	(7.6)
Georgia	21,563	22,268	(705)	(3.2)
Idaho	3,239	3,138	101	3.2
Illinois	26,269	27,828	(1,559)	(5.6)
Iowa	3,640	3,900	(260)	(6.7)
Kansas	5,592	5,709	(117)	(2.0)
Mississippi	2,042	2,079	(37)	(1.8)
Nevada	3,734	3,961	(227)	(5.7)
New Hampshire	3,805	3,881	(76)	(2.0)
New Mexico	786	742	44	5.9
Oregon	5,595	6,158	(563)	(9.1)
South Carolina	12,091	12,249	(158)	(1.3)
South Dakota	912	961	(49)	(5.1)
Tennessee	9,287	10,455	(1,168)	(11.2)
Vermont	2,857	2,885	(28)	(1.0)
Virginia	14,033	14,626	(593)	(4.1)
West Virginia	2,000	1,920	80	4.2
Subtotal	148,835	155,358	(6,523)	(4.2)
Other Pool States				
Delaware	1,754	1,652	102	6.2
Indiana	8,894	9,112	(218)	(2.4)
New Jersey	59,696	56,979	2,717	4.8
North Carolina	24,824	25,609	(785)	(3.1)
Subtotal	95,168	93,352	1,816	1.9
Grand Totals	244,003	248,710	(4,707)	(1.9)

*2021 figures have been restated to account for additional data available since the publication of *Residual Market Management Summary 2021*.

Exhibit S

Residual Market Premium Size Profile

Policy Year 2022*

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0–2,499	190,518	78.1	183,311,485	23.3	962
2,500–4,999	23,506	9.6	84,002,935	10.7	3,574
5,000–9,999	16,091	6.6	113,039,138	14.3	7,025
10,000–19,999	8,232	3.4	113,857,130	14.4	13,831
20,000–49,999	4,135	1.7	123,637,778	15.7	29,900
50,000–99,999	1,033	0.4	70,844,066	9.0	68,581
100,000–199,999	376	0.2	51,677,177	6.6	137,439
200,000+	112	0.0	47,650,223	6.0	425,448
Totals	244,003	100.0	788,019,932	100.0	3,230

*Total policy and estimated annual plan premium totals include servicing and direct assignment carriers for those states where NCCI provides Plan Administration, Pool Administration, or other services including policies cancelled short-term and the associated prorated premium. All premium totals in the state exhibits are estimated annual premiums because direct written premium is not available on an individual policy basis until 18 months after policy inception, according to NCCI's Statistical Plan for Workers Compensation and Employers Liability Insurance.

Premium Size Profiles by State

Policy Year 2022

Total Plan policy and estimated annual premium totals include servicing carriers and direct assignment carriers for those states where NCCI provides Plan Administration, Pool Administration, or other services, including policies cancelled short-term and the associated prorated premium. The following state profile policy and premium totals were calculated using the dominant state theory for multistate policies.

Alabama Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	1,113	66.6	1,468,868	11.4	1,320
2,500– 4,999	187	11.2	664,081	5.1	3,551
5,000– 9,999	168	10.0	1,187,223	9.2	7,067
10,000– 19,999	101	6.0	1,396,992	10.8	13,832
20,000– 49,999	69	4.1	2,074,124	16.1	30,060
50,000– 99,999	19	1.1	1,293,338	10.0	68,070
100,000–199,999	11	0.7	1,594,700	12.4	144,973
200,000+	4	0.2	3,223,175	25.0	805,794
Totals	1,672	100.0	12,902,501	100.0	7,717

Alaska Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	4,377	71.0	3,375,301	14.4	771
2,500– 4,999	725	11.8	2,547,941	10.9	3,514
5,000– 9,999	548	8.9	3,825,491	16.3	6,981
10,000– 19,999	296	4.8	4,149,567	17.7	14,019
20,000– 49,999	167	2.7	4,892,299	20.9	29,295
50,000– 99,999	34	0.6	2,344,431	10.0	68,954
100,000–199,999	11	0.2	1,425,391	6.1	129,581
200,000+	3	0.0	865,496	3.7	288,499
Totals	6,161	100.0	23,425,917	100.0	3,802

Arizona Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	2,599	57.7	2,836,992	10.5	1,092
2,500– 4,999	754	16.7	2,682,333	10.0	3,557
5,000– 9,999	515	11.4	3,550,146	13.2	6,893
10,000– 19,999	347	7.7	4,841,272	18.0	13,952
20,000– 49,999	212	4.7	6,357,468	23.6	29,988
50,000– 99,999	59	1.3	3,954,285	14.7	67,022
100,000–199,999	12	0.3	1,571,608	5.8	130,967
200,000+	4	0.1	1,138,892	4.2	284,723
Totals	4,502	100.0	26,932,996	100.0	5,982

Premium Size Profiles by State (Cont'd)

Arkansas Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	4,350	70.8	4,633,702	22.7	1,065
2,500– 4,999	932	15.2	3,313,280	16.2	3,555
5,000– 9,999	521	8.5	3,555,954	17.4	6,825
10,000– 19,999	205	3.3	2,791,366	13.7	13,616
20,000– 49,999	105	1.7	3,168,877	15.5	30,180
50,000– 99,999	23	0.4	1,503,046	7.4	65,350
100,000–199,999	9	0.1	1,227,141	6.0	136,349
200,000+	1	0.0	211,265	1.0	211,265
Totals	6,146	100.0	20,404,631	100.0	3,320

Connecticut Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	10,299	84.6	12,635,057	37.5	1,227
2,500– 4,999	826	6.8	2,966,689	8.8	3,592
5,000– 9,999	559	4.6	3,865,091	11.5	6,914
10,000– 19,999	281	2.3	3,888,219	11.5	13,837
20,000– 49,999	148	1.2	4,320,339	12.8	29,191
50,000– 99,999	39	0.3	2,699,064	8.0	69,207
100,000–199,999	13	0.1	1,728,561	5.1	132,966
200,000+	5	0.0	1,602,591	4.8	320,518
Totals	12,170	100.0	33,705,611	100.0	2,770

Delaware Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	855	48.7	1,010,699	9.4	1,182
2,500– 4,999	377	21.5	1,341,022	12.4	3,557
5,000– 9,999	293	16.7	2,028,590	18.8	6,924
10,000– 19,999	140	8.0	1,842,285	17.0	13,159
20,000– 49,999	68	3.9	1,846,453	17.1	27,154
50,000– 99,999	13	0.7	953,788	8.8	73,368
100,000–199,999	5	0.3	546,087	5.1	109,217
200,000+	3	0.2	1,237,340	11.5	412,447
Totals	1,754	100.0	10,806,264	100.0	6,161

District of Columbia Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	515	69.7	470,306	13.0	913
2,500– 4,999	90	12.2	327,675	9.1	3,641
5,000– 9,999	56	7.6	404,883	11.2	7,230
10,000– 19,999	37	5.0	521,495	14.4	14,094
20,000– 49,999	32	4.3	979,182	27.1	30,599
50,000– 99,999	6	0.8	399,055	11.1	66,509
100,000–199,999	3	0.4	507,087	14.0	169,029
200,000+	0	0.0	0	0.0	0
Totals	739	100.0	3,609,683	100.0	4,885

Premium Size Profiles by State (Cont'd)

Georgia Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	18,266	84.7	24,533,119	38.1	1,343
2,500– 4,999	1,495	6.9	5,206,690	8.1	3,483
5,000– 9,999	965	4.5	6,801,798	10.6	7,048
10,000– 19,999	500	2.3	6,828,566	10.6	13,657
20,000– 49,999	232	1.1	6,807,585	10.6	29,343
50,000– 99,999	53	0.2	3,802,939	5.9	71,754
100,000–199,999	39	0.2	5,573,910	8.7	142,921
200,000+	13	0.1	4,769,753	7.4	366,904
Totals	21,563	100.0	64,324,360	100.0	2,983

Idaho Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	2,745	84.7	1,415,967	16.8	516
2,500– 4,999	194	6.0	693,547	8.2	3,575
5,000– 9,999	138	4.3	954,572	11.3	6,917
10,000– 19,999	81	2.5	1,086,413	12.9	13,413
20,000– 49,999	53	1.6	1,563,639	18.6	29,503
50,000– 99,999	21	0.6	1,402,319	16.7	66,777
100,000–199,999	6	0.2	888,783	10.6	148,131
200,000+	1	0.0	408,481	4.9	408,481
Totals	3,239	100.0	8,413,721	100.0	2,598

Illinois Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	22,745	86.6	30,273,083	41.4	1,331
2,500– 4,999	1,549	5.9	5,517,354	7.5	3,562
5,000– 9,999	1,007	3.8	7,012,318	9.6	6,964
10,000– 19,999	570	2.2	7,999,639	10.9	14,034
20,000– 49,999	278	1.1	8,386,928	11.5	30,169
50,000– 99,999	82	0.3	5,687,304	7.8	69,357
100,000–199,999	30	0.1	4,077,680	5.6	135,923
200,000+	8	0.0	4,221,072	5.8	527,634
Totals	26,269	100.0	73,175,378	100.0	2,786

Indiana Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	5,628	63.3	6,499,791	15.4	1,155
2,500– 4,999	1,474	16.6	5,150,842	12.2	3,494
5,000– 9,999	928	10.4	6,488,781	15.4	6,992
10,000– 19,999	485	5.5	6,785,998	16.1	13,992
20,000– 49,999	282	3.2	8,349,655	19.8	29,609
50,000– 99,999	69	0.8	4,687,314	11.1	67,932
100,000–199,999	26	0.3	3,588,027	8.5	138,001
200,000+	2	0.0	523,606	1.2	261,803
Totals	8,894	100.0	42,074,014	100.0	4,731

Premium Size Profiles by State (Cont'd)

Iowa Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	2,000	54.9	2,013,868	9.3	1,007
2,500– 4,999	681	18.7	2,460,327	11.4	3,613
5,000– 9,999	485	13.3	3,376,289	15.6	6,961
10,000– 19,999	248	6.8	3,454,577	15.9	13,930
20,000– 49,999	164	4.5	5,029,867	23.2	30,670
50,000– 99,999	45	1.2	3,007,172	13.9	66,826
100,000–199,999	15	0.4	1,853,452	8.6	123,563
200,000+	2	0.1	479,504	2.2	239,752
Totals	3,640	100.0	21,675,056	100.0	5,955

Kansas Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	3,918	70.1	3,787,174	18.9	967
2,500– 4,999	855	15.3	2,986,043	14.9	3,492
5,000– 9,999	458	8.2	3,174,328	15.8	6,931
10,000– 19,999	226	4.0	3,007,925	15.0	13,309
20,000– 49,999	98	1.8	2,906,218	14.5	29,655
50,000– 99,999	24	0.4	1,708,568	8.5	71,190
100,000–199,999	10	0.2	1,487,181	7.4	148,718
200,000+	3	0.1	988,817	4.9	329,606
Totals	5,592	100.0	20,046,254	100.0	3,585

Mississippi Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	1,186	58.1	1,469,170	14.7	1,239
2,500– 4,999	363	17.8	1,300,237	13.0	3,582
5,000– 9,999	275	13.5	1,923,525	19.2	6,995
10,000– 19,999	141	6.9	1,946,987	19.5	13,808
20,000– 49,999	54	2.6	1,502,090	15.0	27,816
50,000– 99,999	18	0.9	1,127,064	11.3	62,615
100,000–199,999	5	0.2	735,471	7.4	147,094
200,000+	0	0.0	0	0.0	0
Totals	2,042	100.0	10,004,544	100.0	4,899

Nevada Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	2,451	65.6	2,587,602	14.8	1,056
2,500– 4,999	551	14.8	1,937,468	11.1	3,516
5,000– 9,999	369	9.9	2,615,200	14.9	7,087
10,000– 19,999	226	6.1	3,101,074	17.7	13,722
20,000– 49,999	94	2.5	2,796,150	16.0	29,746
50,000– 99,999	29	0.8	2,008,546	11.5	69,260
100,000–199,999	10	0.3	1,291,954	7.4	129,195
200,000+	4	0.1	1,184,871	6.8	296,218
Totals	3,734	100.0	17,522,865	100.0	4,693

Premium Size Profiles by State (Cont'd)

New Hampshire Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	2,649	69.6	2,840,468	19.4	1,072
2,500– 4,999	470	12.4	1,653,952	11.3	3,519
5,000– 9,999	358	9.4	2,449,999	16.7	6,844
10,000– 19,999	218	5.7	3,049,542	20.8	13,989
20,000– 49,999	90	2.4	2,675,476	18.2	29,728
50,000– 99,999	14	0.4	879,440	6.0	62,817
100,000–199,999	5	0.1	656,144	4.5	131,229
200,000+	1	0.0	472,572	3.2	472,572
Totals	3,805	100.0	14,677,593	100.0	3,857

New Jersey Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	50,926	85.3	21,870,668	15.5	429
2,500– 4,999	3,215	5.4	12,163,129	8.6	3,783
5,000– 9,999	2,923	4.9	21,300,416	15.1	7,287
10,000– 19,999	1,491	2.5	20,820,003	14.7	13,964
20,000– 49,999	844	1.4	25,671,856	18.2	30,417
50,000– 99,999	198	0.3	13,931,164	9.9	70,359
100,000–199,999	76	0.1	10,410,278	7.4	136,977
200,000+	23	0.0	15,233,571	10.8	662,329
Totals	59,696	100.0	141,401,085	100.0	2,369

New Mexico Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	561	71.4	642,069	15.2	1,145
2,500– 4,999	84	10.7	307,491	7.3	3,661
5,000– 9,999	54	6.9	400,518	9.5	7,417
10,000– 19,999	49	6.2	693,734	16.4	14,158
20,000– 49,999	26	3.3	747,536	17.6	28,751
50,000– 99,999	8	1.0	576,647	13.6	72,081
100,000–199,999	2	0.3	341,692	8.1	170,846
200,000+	2	0.3	527,125	12.4	263,563
Totals	786	100.0	4,236,812	100.0	5,390

North Carolina Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	19,337	77.9	25,284,808	37.4	1,308
2,500– 4,999	2,971	12.0	10,449,880	15.5	3,517
5,000– 9,999	1,591	6.4	10,931,615	16.2	6,871
10,000– 19,999	637	2.6	8,699,642	12.9	13,657
20,000– 49,999	231	0.9	6,767,780	10.0	29,298
50,000– 99,999	39	0.2	2,631,532	3.9	67,475
100,000–199,999	15	0.1	2,148,965	3.2	143,264
200,000+	3	0.0	709,263	1.0	236,421
Totals	24,824	100.0	67,623,485	100.0	2,724

Premium Size Profiles by State (Cont'd)

Oregon Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	4,197	75.0	2,901,283	13.0	691
2,500– 4,999	534	9.5	1,923,608	8.6	3,602
5,000– 9,999	431	7.7	2,993,473	13.4	6,945
10,000– 19,999	229	4.1	3,220,747	14.4	14,064
20,000– 49,999	145	2.6	4,426,596	19.8	30,528
50,000– 99,999	35	0.6	2,402,954	10.8	68,656
100,000–199,999	20	0.4	2,801,584	12.6	140,079
200,000+	4	0.1	1,633,035	7.3	408,259
Totals	5,595	100.0	22,303,280	100.0	3,986

South Carolina Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	10,306	85.2	10,414,003	33.6	1,010
2,500– 4,999	841	7.0	3,006,095	9.7	3,574
5,000– 9,999	529	4.4	3,743,555	12.1	7,077
10,000– 19,999	247	2.0	3,400,726	11.0	13,768
20,000– 49,999	113	0.9	3,422,859	11.0	30,291
50,000– 99,999	35	0.3	2,307,427	7.4	65,926
100,000–199,999	12	0.1	1,574,120	5.1	131,177
200,000+	8	0.1	3,153,564	10.2	394,196
Totals	12,091	100.0	31,022,349	100.0	2,566

South Dakota Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	465	51.0	629,624	9.9	1,354
2,500– 4,999	180	19.7	647,370	10.2	3,597
5,000– 9,999	142	15.6	998,681	15.8	7,033
10,000– 19,999	73	8.0	1,008,542	15.9	13,816
20,000– 49,999	32	3.5	1,081,235	17.1	33,789
50,000– 99,999	14	1.5	976,753	15.4	69,768
100,000–199,999	5	0.5	743,554	11.7	148,711
200,000+	1	0.1	247,883	3.9	247,883
Totals	912	100.0	6,333,642	100.0	6,945

Tennessee Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	6,001	64.6	6,055,726	14.4	1,009
2,500– 4,999	1,388	14.9	4,971,361	11.8	3,582
5,000– 9,999	1,003	10.8	7,081,788	16.8	7,061
10,000– 19,999	572	6.2	7,898,229	18.8	13,808
20,000– 49,999	231	2.5	6,937,345	16.5	30,032
50,000– 99,999	69	0.7	4,635,157	11.0	67,176
100,000–199,999	16	0.2	2,172,769	5.2	135,798
200,000+	7	0.1	2,328,749	5.5	332,678
Totals	9,287	100.0	42,081,124	100.0	4,531

Premium Size Profiles by State (Cont'd)

Vermont Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	1,808	63.3	2,117,946	13.9	1,171
2,500– 4,999	393	13.8	1,378,216	9.0	3,507
5,000– 9,999	322	11.3	2,280,666	14.9	7,083
10,000– 19,999	182	6.4	2,531,132	16.6	13,907
20,000– 49,999	117	4.1	3,696,862	24.2	31,597
50,000– 99,999	27	0.9	1,867,374	12.2	69,162
100,000–199,999	5	0.2	666,172	4.4	133,234
200,000+	3	0.1	719,139	4.7	239,713
Totals	2,857	100.0	15,257,507	100.0	5,340

Virginia Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	9,996	71.2	10,090,705	22.1	1,009
2,500– 4,999	1,961	14.0	6,931,326	15.2	3,535
5,000– 9,999	1,257	9.0	8,733,833	19.1	6,948
10,000– 19,999	548	3.9	7,466,528	16.3	13,625
20,000– 49,999	206	1.5	6,068,812	13.3	29,460
50,000– 99,999	47	0.3	3,102,431	6.8	66,009
100,000–199,999	11	0.1	1,508,308	3.3	137,119
200,000+	7	0.0	1,770,459	3.9	252,923
Totals	14,033	100.0	45,672,402	100.0	3,255

West Virginia Premium Size Profile—Policy Year 2022

Premium Size (\$)	Policy Count	Total Percent of Policies (%)	Estimated Annual Premium (\$)	Total Percent of Premium (%)	Average Premium (\$)
0– 2,499	1,225	61.3	1,453,486	17.3	1,187
2,500– 4,999	416	20.8	1,474,978	17.6	3,546
5,000– 9,999	196	9.8	1,360,405	16.2	6,941
10,000– 19,999	102	5.1	1,425,930	17.0	13,980
20,000– 49,999	44	2.2	1,160,547	13.8	26,376
50,000– 99,999	13	0.7	954,954	11.4	73,458
100,000–199,999	4	0.2	556,558	6.6	139,140
200,000+	0	0.0	0	0.0	0
Totals	2,000	100.0	8,386,858	100.0	4,193

Exhibit T

Classifications With Largest Premium Volume

Policy Year 2022*

Classification Code	Premium Amount (\$)	Classification Description
5645	53,381,820	Carpentry—Construction of Residential Dwellings Not Exceeding Three Stories in Height
5551	42,059,548	Roofing—All Kinds & Drivers
7219	21,463,776	Trucking NOC—All Employees & Drivers
5474	17,523,959	Painting NOC & Shop Operations, Drivers
5437	15,563,421	Carpentry—Installation of Cabinet Work or Interior Trim
0106	12,658,783	Tree Pruning, Spraying, Repairing—All Operations & Drivers
9014	10,139,440	Janitorial Services by Contractors—No Window Cleaning Above Ground Level & Drivers
5445	9,620,384	Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation—Within Buildings & Drivers
5403	8,683,460	Carpentry NOC
7720	7,924,776	Police Officers & Drivers

NOC = Not Otherwise Classified

*Estimated Annual Premium totals include servicing and direct assignment carriers for those states where NCCI provides Plan Administration services.

Exhibit U

Classifications With Largest Policy Count

Policy Year 2022*

Classification Code	Policy Count	Classification Description
5645	19,364	Carpentry—Construction of Residential Dwellings Not Exceeding Three Stories in Height
5551	9,350	Roofing—All Kinds & Drivers
5437	9,231	Carpentry—Installation of Cabinet Work or Interior Trim
5474	8,701	Painting NOC & Shop Operations, Drivers
7219	7,695	Trucking NOC—All Employees & Drivers
5445	4,019	Wallboard, Sheetrock, Drywall, Plasterboard, or Cement Board Installation—Within Buildings & Drivers
9014	3,562	Janitorial Services by Contractors—No Window Cleaning Above Ground Level & Drivers
5022	3,228	Masonry NOC
5190	2,451	Electrical Wiring—Within Buildings & Drivers
0106	2,414	Tree Pruning, Spraying, Repairing—All Operations & Drivers

NOC = Not Otherwise Classified

*Policy count totals include servicing and direct assignment carriers for those states where NCCI provides Plan Administration services.

Exhibit V

Hazard Group Distribution

Policy Year 2022

Exhibit V shows that the residual markets have a higher percentage of high hazard group (increased operational exposure) accounts than the voluntary market. Assigned Risk Plan total policy counts and estimated annual premium totals include servicing carrier and direct assignment carrier experience for those states where NCCI provides Plan Administration services, including policies cancelled short-term and the associated prorated premium.

Hazard Group	Voluntary Market 2022				Assigned Risk Plan 2022			
	Policy Count	Total Percent (%)	Estimated Annual Premium (\$)	Total Percent (%)	Policy Count	Total Percent (%)	Estimated Annual Premium (\$)	Total Percent (%)
A	113,112	8.5	997,298,336	6.5	2,939	1.9	23,402,107	3.7
B	204,565	15.4	1,555,773,919	10.2	7,579	4.8	32,486,128	5.1
C	315,351	23.8	3,431,387,228	22.5	15,209	9.6	75,574,391	11.9
D	192,858	14.6	2,398,465,982	15.8	13,217	8.4	60,362,366	9.5
E	198,702	15.0	1,993,505,899	13.1	17,259	10.9	70,078,051	11.0
F	171,247	12.9	2,866,194,404	18.8	44,416	28.2	155,397,761	24.5
G	129,022	9.7	1,963,881,186	12.9	57,050	36.2	218,170,188	34.3
Not Classified	619	0.0	20,641,183	0.1	2	0.0	28,063	0.0
Total	1,325,476	100.0	15,227,148,137	100.0	157,671	100.0	635,499,055	100.0

Note: Variances in the number of policies occur due to timing of reports and availability of data in some states.

Projected Ultimate Policy Year Results by State

Policy Years 2018–2022 (based on data reported to NCCI through December 31, 2022)

This exhibit shows premium, losses, and expenses in the following states reinsured through NCCI-serviced pools (excluding direct assignment experience):

Alabama	Illinois	North Carolina
Alaska	Iowa	Oregon
Arizona	Kansas	South Carolina
Arkansas	Massachusetts	South Dakota
Connecticut	Michigan	Tennessee
Delaware	Nevada	Vermont
District of Columbia	New Hampshire	Virginia
Georgia	New Jersey	West Virginia
Idaho	New Mexico	

All results shown in this section are projected to an ultimate basis. Estimates of ultimate losses may change as losses emerge, impacting the overall operating results. These results can change on a statewide basis, particularly for the recent policy years. In fact, due to the immaturity of Policy Year 2022 data, significant changes may occur.

The incurred losses and booked loss ratios shown do not include any Loss Adjustment Expense (LAE). The incurred losses equal written premium times booked loss ratio. LAE is included in the expenses used in the projection of net operating results for each state. The operating gain or loss does not include income earned on investments by participating companies. However, it does include the short-term interest income earned on investments by the Pool Administrator for the benefit of the Pool participating companies while in possession of the cash flow, pending settlement of the servicing carrier and participating company balances. The operating gain or loss also reflects an estimate of the full ultimate cost of taxes and assessments that are reimbursed to servicing carriers on a pass-through basis.

Amounts Projected to Ultimate

Policy Year Financial Results Through Fourth Quarter 2022 (Projected to Ultimate) (\$000s)

Alabama

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	8,753	188.6	16,508	(10,205)
2021	6,119	64.0	3,916	298
2020	6,318	169.2	10,690	(6,521)
2019	5,817	49.3	2,868	877
2018	7,568	63.2	4,783	277

Alaska

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	21,719	69.7	15,138	(1,496)
2021	22,807	48.7	11,107	3,209
2020	22,122	54.1	11,968	1,020
2019	26,173	35.0	9,161	6,308
2018	34,397	29.1	10,010	10,859

Projected Ultimate Policy Year Results by State (Cont'd)

Arizona

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	29,747	64.7	19,246	2,528
2021	34,815	85.7	29,836	(5,069)
2020	35,464	65.1	23,087	2,029
2019	36,720	71.9	26,402	(565)
2018	40,368	48.2	19,457	9,042

Arkansas

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	21,549	69.7	15,020	(459)
2021	20,387	68.2	13,904	(84)
2020	20,709	95.1	19,694	(5,739)
2019	21,708	49.9	10,832	3,627
2018	23,060	78.2	18,033	(2,486)

Connecticut

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	20,868	64.7	13,501	1,338
2021	17,601	58.4	10,279	1,978
2020	17,587	62.1	10,922	834
2019	17,507	101.9	17,839	(6,346)
2018	23,449	64.2	15,054	586

Delaware

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	8,796	62.7	5,515	304
2021	8,239	62.3	5,133	359
2020	9,823	45.1	4,430	1,918
2019	9,964	49.9	4,972	1,504
2018	13,392	48.2	6,455	2,534

District of Columbia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	3,619	69.7	2,523	(415)
2021	3,614	55.5	2,006	219
2020	3,767	47.1	1,774	467
2019	5,222	105.9	5,530	(2,658)
2018	7,317	83.3	6,095	(1,590)

Projected Ultimate Policy Year Results by State (Cont'd)

Georgia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	57,748	102.6	59,250	(22,135)
2021	53,653	73.0	39,167	(4,228)
2020	52,178	89.1	46,490	(17,266)
2019	55,027	93.9	51,671	(24,443)
2018	77,738	126.4	98,260	(65,929)

Idaho

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	9,537	66.7	6,361	64
2021	8,200	70.1	5,748	(183)
2020	5,393	50.1	2,702	383
2019	4,652	69.9	3,251	(482)
2018	3,825	130.4	4,988	(2,768)

Illinois

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	67,150	66.7	44,789	3,908
2021	69,917	63.3	44,258	5,796
2020	70,982	65.1	46,210	2,328
2019	77,287	62.9	48,613	4,459
2018	86,129	68.2	58,740	(1,111)

Iowa

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	20,656	68.7	14,191	1,219
2021	22,386	60.4	13,521	3,215
2020	20,721	51.1	10,588	4,387
2019	21,148	48.9	10,341	4,930
2018	22,496	42.1	9,471	5,993

Kansas

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	22,044	79.7	17,569	(2,780)
2021	20,710	60.4	12,509	1,435
2020	20,265	63.1	12,787	736
2019	23,594	75.9	17,908	(2,702)
2018	28,753	97.3	27,977	(8,704)

Projected Ultimate Policy Year Results by State (Cont'd)

Massachusetts

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	99,963	75.0	74,972	(10,456)
2021	95,573	82.0	78,369	(16,601)
2020	101,219	65.0	65,793	2,065
2019	103,810	67.0	69,552	(903)
2018	120,570	74.0	89,222	(10,393)

Michigan

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	56,910	76.0	43,251	(2,197)
2021	58,390	58.0	33,866	6,417
2020	53,616	68.0	36,459	166
2019	54,831	63.0	34,544	4,090
2018	59,575	50.0	29,788	12,332

Nevada

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	19,333	59.7	11,542	2,264
2021	21,274	67.2	14,296	1,179
2020	21,300	44.1	9,393	5,157
2019	25,445	40.0	10,178	7,321
2018	27,444	42.1	11,554	7,887

New Hampshire

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	12,278	59.7	7,330	657
2021	12,486	61.4	7,666	257
2020	11,374	98.1	11,158	(4,120)
2019	11,766	56.9	6,695	580
2018	14,822	46.1	6,833	2,511

New Jersey

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	99,457	82.6	82,151	(11,179)
2021	95,249	73.0	69,532	(6,258)
2020	90,904	70.1	63,724	(4,927)
2019	110,814	69.9	77,459	(4,189)
2018	141,910	80.3	113,954	(18,477)

Projected Ultimate Policy Year Results by State (Cont'd)

New Mexico

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	5,282	45.0	2,377	60
2021	4,931	45.0	2,219	(49)
2020	7,039	20.0	1,408	2,005
2019	9,066	54.0	4,895	(216)
2018	9,258	53.0	4,907	(118)

North Carolina

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	46,136	59.7	27,543	4,586
2021	47,672	53.6	25,552	7,823
2020	47,375	47.1	22,314	10,162
2019	49,892	95.9	47,847	(15,232)
2018	55,077	79.2	43,621	(7,165)

Oregon

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	24,000	71.7	17,208	(1,375)
2021	25,450	155.8	39,651	(22,862)
2020	24,554	58.1	14,266	1,542
2019	27,788	69.9	19,424	(1,589)
2018	37,270	61.2	22,809	2,113

South Carolina

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	25,230	65.7	16,576	1,781
2021	26,932	74.0	19,930	(724)
2020	24,400	75.1	18,324	(2,040)
2019	24,749	61.9	15,320	(329)
2018	28,655	62.2	17,823	(3,020)

South Dakota

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	6,322	69.7	4,407	118
2021	5,771	77.9	4,496	(301)
2020	5,686	30.0	1,706	2,333
2019	5,580	39.9	2,226	1,775
2018	6,737	57.2	3,854	1,010

Projected Ultimate Policy Year Results by State (Cont'd)

Tennessee

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	34,499	66.7	23,011	166
2021	37,840	53.6	20,282	5,525
2020	38,637	58.1	22,448	3,713
2019	41,386	68.9	28,515	(1,415)
2018	49,408	50.2	24,803	8,854

Vermont

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	12,682	59.7	7,571	1,853
2021	12,554	58.4	7,331	1,850
2020	12,332	46.1	5,685	3,226
2019	11,966	67.9	8,125	403
2018	12,426	47.1	5,853	2,933

Virginia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	32,900	65.1	21,418	4,093
2021	35,993	58.9	21,200	5,201
2020	35,841	68.4	24,515	1,566
2019	41,441	51.8	21,467	8,280
2018	42,839	69.8	29,901	1,242

West Virginia

Policy Year	Written Premium (\$)	Booked Loss Ratio (%)	Incurred Losses (\$)	Net Operating Gain/(Loss) (\$)
2022	7,458	99.6	7,428	(2,060)
2021	8,637	72.1	6,228	(60)
2020	10,815	73.3	7,928	(638)
2019	10,118	69.7	7,052	(269)
2018	12,001	53.5	6,420	1,781

Available Residual Market Programs

As of June 1, 2023

State	ARAP	LSRP	Merit Rating	Small Deductible Insurance	Premium Discount	Take-Out Credit	VCAP	Other Programs
AK						x	x	<ul style="list-style-type: none"> Alaska Residual Market Safe Workplace Incentive Program Alaska Contracting Classification Premium Adjustment Program
AL	x	x	x	x		x	x	<ul style="list-style-type: none"> Alabama Drug-Free Workplace Premium Credit Program
AR			x	x		x	x	<ul style="list-style-type: none"> Arkansas Tabular Adjustment Program Arkansas Assigned Risk Alternate Preferred Plan Arkansas Alcohol- and Drug- Free Workplace Premium Credit
AZ	x	x				x	x	<ul style="list-style-type: none"> Arizona Alcohol- and Drug-Free Workplace Premium Credit
CT	x	x		x	x ¹	x	x	<ul style="list-style-type: none"> Connecticut Contracting Classification Premium Adjustment Program
DC	x	x				x	x	<ul style="list-style-type: none"> District of Columbia Safe Workplace Program
GA		x	x	x		x	x	<ul style="list-style-type: none"> Georgia Workers Compensation Assigned Risk Insurance Plan—Three Tier Rating Program Georgia Put-In Debit Program Georgia Drug-Free Workplace Premium Credit Program Georgia Managed Care Arrangement Premium Credit Data Reporting Program Georgia Work-Based Learning Program Premium Credit
IA	x			x		x		
ID	x	x					x	<ul style="list-style-type: none"> Idaho Alcohol- and Drug-Free Workplace Premium Credit
IL	x	x		x		x	x	<ul style="list-style-type: none"> Illinois Contracting Classification Premium Adjustment Program
IN		x		x		x		
KS	x	x		x		x	x	<ul style="list-style-type: none"> Kansas Assigned Risk Retrospective Rating Plan Kansas Assigned Risk Small Employer Loss-Free Policy Premium Credit Program
MS		x				x	x	<ul style="list-style-type: none"> Mississippi Small Employer Loss-Free Credit Program
NH		x		x	x ²	x	x	<ul style="list-style-type: none"> New Hampshire Residual Market Safety Incentive Program
NM	x			x		x	x	<ul style="list-style-type: none"> New Mexico Workers Compensation Premium Adjustment Program for Qualifying Classifications
NV	x	x		x			x	
OR	x	x	x			x	x	<ul style="list-style-type: none"> Oregon Non-Experience Rated Premium Credit Oregon WCIP New Small Employer Credit Oregon Contracting Classification Premium Adjustment Program
SC	x	x		x		x	x	<ul style="list-style-type: none"> South Carolina Drug- and Alcohol-Free Workplace Premium Credit Program
SD	x	x	x	x		x	x	
TN	x	x				x	x	<ul style="list-style-type: none"> Tennessee Drug-Free Workplace Premium Credit Program Tennessee Small Employer Plan Tennessee Special Risk Plan
VA						x		<ul style="list-style-type: none"> Virginia Residual Market Drug-Free Workplace Premium Credit Virginia Contracting Classification Premium Adjustment Program
VT		x	x	x		x	x	
WV	x	x				x	x	

¹ Connecticut—Premium discounts are only available for risks with standard premium > \$10,000.

² New Hampshire—Premium discounts are only available for risks with standard premium > \$10,000 and experience modification < 1.50.

2023 Assigned Carriers

As of January 1, 2023

S = Servicing carrier in state; D = Direct Assignment carrier in state

Carrier Name	A K	A L	A R	A Z	C T	D C	D E	G A	I A	I D	I L	K S	M S	N C	N H	N J	N M	N V	O R	S C	S D	T N	V A	V T	W V
Accident Fund Insurance Co. of America					D			D	D		S			D						S		D	S		
Ace American Insurance Co.		D			D		D	D	D					D	D					D		D	D	D	
Alaska National Insurance Co.	S																								
American Zurich Insurance Co.		D			D		D	D	D					D	D					D		D	D	D	
AmFed National Insurance Co.													S												
AmGUARD Insurance Co. (Berkshire Hathaway GUARD Companies)	S		S	S	S						S	S		S		S						S			
Auto Owners Insurance Co.		D						D	D					D						D		D	D		
Builders Mutual Insurance Co.								D						D						D		D	D		
Cincinnati Insurance Co.		D			D		D	D	D					D	D					D		D	D	D	
Continental Casualty Co.		D					D	D	D					D	D					D		D	D	D	
Continental Indemnity Co.			S																						
Continental Insurance Co. of NJ																D									
Hartford Underwriters Insurance Co.		D			D		D	D	D					D	D	D				D		D	D	D	
LM Insurance Corporation	S	S	S		S	S	S	S	S		S	S	S	S	S	S		S	S	S		S	S	S	S
National Fire Insurance Co. of Hartford					D																				
New Jersey Casualty Insurance Co.																D									
New Mexico Mutual Casualty Co.																	S								
Pennsylvania Manufacturers' Association Insurance Co. (PMA Companies)	S			S			S	S								S									
SAIF Corporation																			S						
St. Paul Protective Insurance Co.																S									
Technology Insurance Co.			S			S		S	S	S	S				S	S				S	S			S	
Travelers Property Casualty Co. of America	S	S		S	S	S	S	S	S	S	S	S		S	S			S	S	S		S	D	S	S
	A K	A L	A R	A Z	C T	D C	D E	G A	I A	I D	I L	K S	M S	N C	N H	N J	N M	N V	O R	S C	S D	T N	V A	V T	W V

Glossary of Residual Market Terms

Any-Exposure Theory—Applicable to multistate policies, this theory attributes the policy and related state premium to each state on the policy. For example, a policy providing coverage in SC, GA, and AL with state premiums of \$25,000, \$52,000, and \$11,000, respectively, would be counted as an SC policy with \$25,000 in premium, as a GA policy with \$52,000 in premium, and as an AL policy with \$11,000 in premium.

Assigned Carrier—The insurer assigned to provide coverage to an eligible employer that has applied for workers compensation insurance under a state’s assigned risk plan. An assigned carrier can be either a servicing carrier or a direct assignment carrier.

Assigned Risk Adjustment Program (ARAP)—An assigned risk pricing program that surcharges insureds with a record of losses greater than expected under NCCI’s current Experience Rating Plan.

Assigned Risk Differential—A factor to reflect the difference in aggregate loss experience between the voluntary and assigned risk markets.

Calendar Year—The 12-month period, beginning January 1, in which a transaction either occurred or was included in the financial statements.

Combined Ratio—The sum of the loss ratio and the expense ratio for a given period. The formula for combined ratio is $[\text{Losses} / \text{Earned Premium}] + [(\text{Expenses and Allowances}) / \text{Written Premium}]$.

Deductible Insurance/Programs—There are two types of deductible programs, small and large. Small deductibles are less than \$100,000, while large deductibles are \$100,000 and greater. Only NCCI-filed small-deductible programs are applicable in the residual market.

Direct Assignment Carrier—An insurance company authorized by the Insurance Department to write and service assigned risk business directly without reinsurance through the National Workers Compensation Reinsurance Pooling Mechanism or other reinsurance pool.

Dominant State Theory—Applicable to multistate policies, this theory attributes the policy and *entire* premium to the state on the policy with the highest payroll to eliminate duplicate counting of policies. For example, a policy providing coverage in SC, GA, and AL with state payrolls of \$25,000, \$52,000, and \$11,000, respectively, would be counted as a GA policy.

Earned but Not Reported (EBNR) Premium Reserve—A projection of additional premium expected to be uncovered after auditing at the end of the policy (also commonly referred to as Earned but Unbilled [EBUB] Premium).

Estimated Annual Premium—Premium charged by an insurance company, at the time the policy is issued, for coverage provided by an insurance contract for a period of time. Estimated premium is reported before endorsements or audits.

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.

Incurred Losses—Calendar year incurred losses equal paid losses plus the *change* in case and IBNR reserves during the 12-month period in question. Policy year incurred losses reflect paid losses, case reserves, and IBNR reserves for policies written in a particular policy year. They provide a matching of accidents that have occurred on premiums that have already been earned.

Loss Adjustment Expense (LAE)—Expenses of an insurance company, such as the costs of investigating cases, representing an employer before bodies that adjudicate claims, and defending lawsuits that are directly chargeable to settlement of losses. Also, operating expenses that can be allocated specifically to the settlement of losses.

Loss Ratio—The ratio of total incurred losses to total earned premiums in a given period, expressed as a percentage.

Loss Sensitive Rating Plan (LSRP)—A mandatory assigned risk retrospective rating plan for employers that have an assigned risk standard premium of \$250,000 and greater.

Merit Rating—An assigned risk pricing program that applies to manual premium for employers that do not generate adequate premium to be eligible for experience rating but that have had coverage during a specified time period.

National Workers Compensation Reinsurance Pooling Mechanism (NWCRP or National Pool)—A contractual quota share reinsurance pooling mechanism. It affords participating workers compensation insurers an option for complying with state insurance plan requirements by sharing in the operating results of certain policies written under such insurance plans. Insurance companies participate in this reinsurance pooling mechanism as members of the National Workers Compensation Reinsurance Association NFP (NWCRA).

Operating Gain/(Loss)—The financial statement presentation that reflects the excess of earned premium over incurred losses and net operating expenses.

Policy Year—The year of the effective date of the policy. Policy year financial results summarize experience for all policies with effective dates in a given calendar year period.

Premiums Earned—That portion of written premiums applicable to the expired portion of the time the insurance was in effect.

Premiums Written—The premium charged by an insurance company for coverage provided by an insurance contract for a period of time after the application of endorsements, audits, etc.

Projected to Ultimate—Estimates of the total losses, premium collected, and net operating gain or loss for a policy year after all claims have been paid, premiums collected after all audits and other premium adjustments are finalized, and all pool operating and administrative expenses are paid.

Reinsurance Pool—A financial agreement among participating insurers to share in the experience of certain assigned risks. This reduces both administrative costs and annual fluctuations in the liability of participating insurers resulting from the operation of state insurance plans.

Residual Market—State insurance plans that provide eligible employers unable to secure coverage in the voluntary market with a means for insuring their operations through a designated insurance carrier. Also known as the “involuntary market,” “assigned risk market,” or “market of last resort.”

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

Servicing Carrier—An insurer, other than a direct assignment carrier, authorized to receive plan assignments and provide coverage to eligible employers on behalf of insurance company members of the NWCRA—or participants in other reinsurance pooling mechanisms—incorporated as a part of the Plan in a state.

Servicing Carrier Allowance—The ceding commission, often expressed as a percentage of premium, retained by a servicing carrier as compensation for the expenses of servicing an employer under a Workers Compensation Insurance Plan or similar program. In states with a servicing carrier selection process, it is a component of the carrier’s proposal that is awarded in the selection process.

Surcharges—Additional charges included when calculating premium for assigned risk policies.

Take-Out Credit Program—A depopulation program that provides financial incentives for carriers when they remove employers from the residual market by writing those policies voluntarily. Credits reduce the amount of premium used in calculating a carrier’s reinsurance pool participation base or direct assignment carrier quota in a given state.

Underwriting Gain/(Loss)—The financial statement presentation of the excess of earned premium over incurred losses.

Voluntary Coverage Assistance Program (VCAP[®] Service)—A free Internet-based depopulation program that is supplemental to NCCI’s Workers Compensation Insurance Plan and is designed to provide an additional source for producers and employers to secure workers compensation insurance in the voluntary market.

Workers Compensation Insurance Plan (WCIP or Plan)—A program established and maintained by NCCI and approved by state insurance regulatory authorities whereby workers compensation insurance may be secured by eligible employers unable to secure such coverage in the voluntary market.



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