



# State Regulatory and Legislative Trends – A Snapshot of Top Workers Compensation Issues

**Missouri Workers Compensation Conference  
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# Top Five Reasons Why NCCI Monitors Regulatory/Legislative Changes

- To understand/explain fluctuations in system costs
- To serve as a resource to stakeholders
- To provide cost impact information to stakeholders during the decision-making process
- To develop filings making any necessary changes to rating plans, rules, and forms
- To adjust rates/loss costs as necessary to comply with rate standard—rates shall be reasonable and not excessive, not inadequate and not unfairly discriminatory

# Total Relevant Workers Compensation-Related Bills in 1<sup>st</sup> Quarter 2015

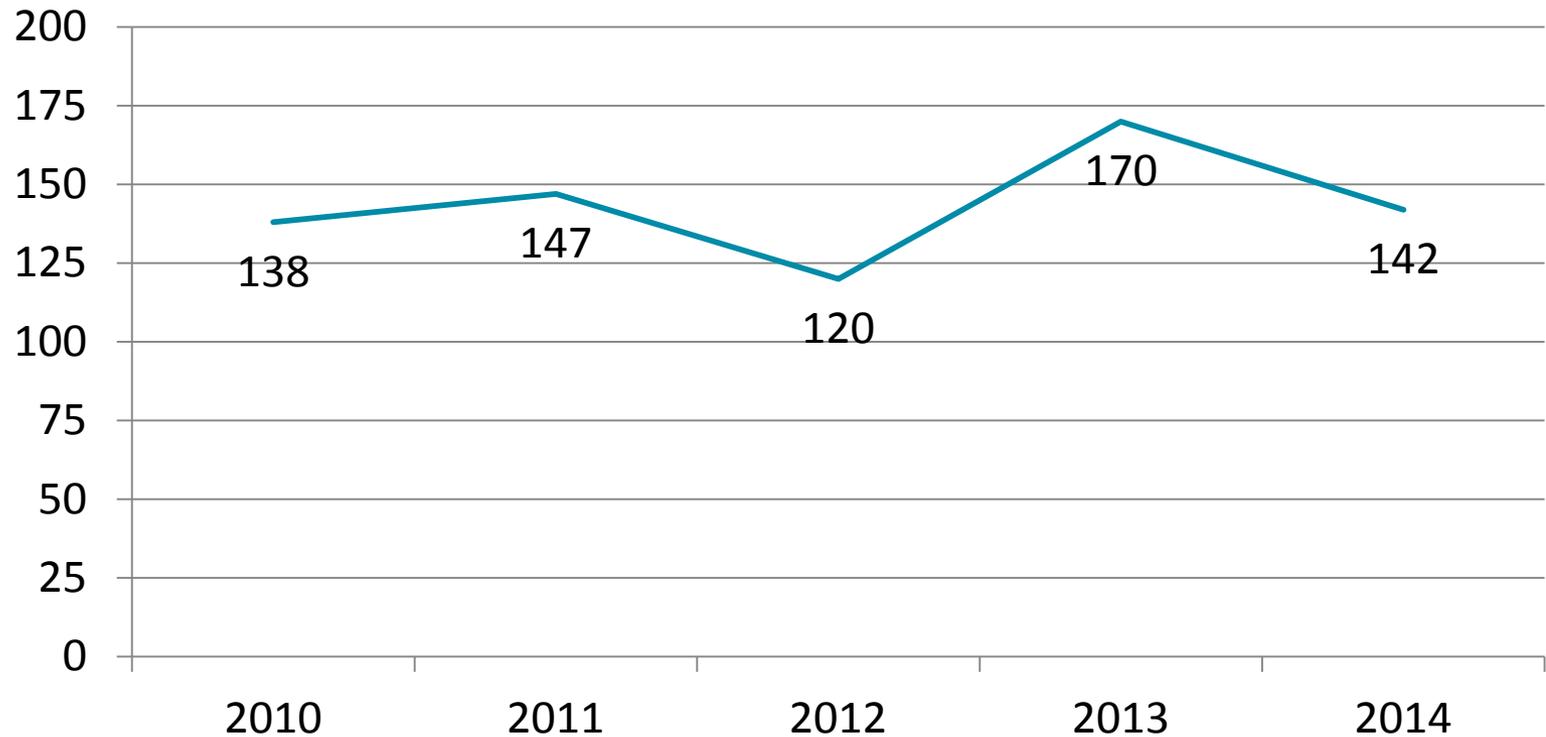
Relevant Worker Compensation - Related Bills	Total <sup>1</sup>
Monitored <sup>2</sup>	676
Enacted	31
Defeated <sup>3</sup>	78

<sup>1</sup>These numbers include bills from all states and the District of Columbia that were prefiled or introduced between January 1, 2015 and March 31, 2015, or prefiled or carried over from 2014

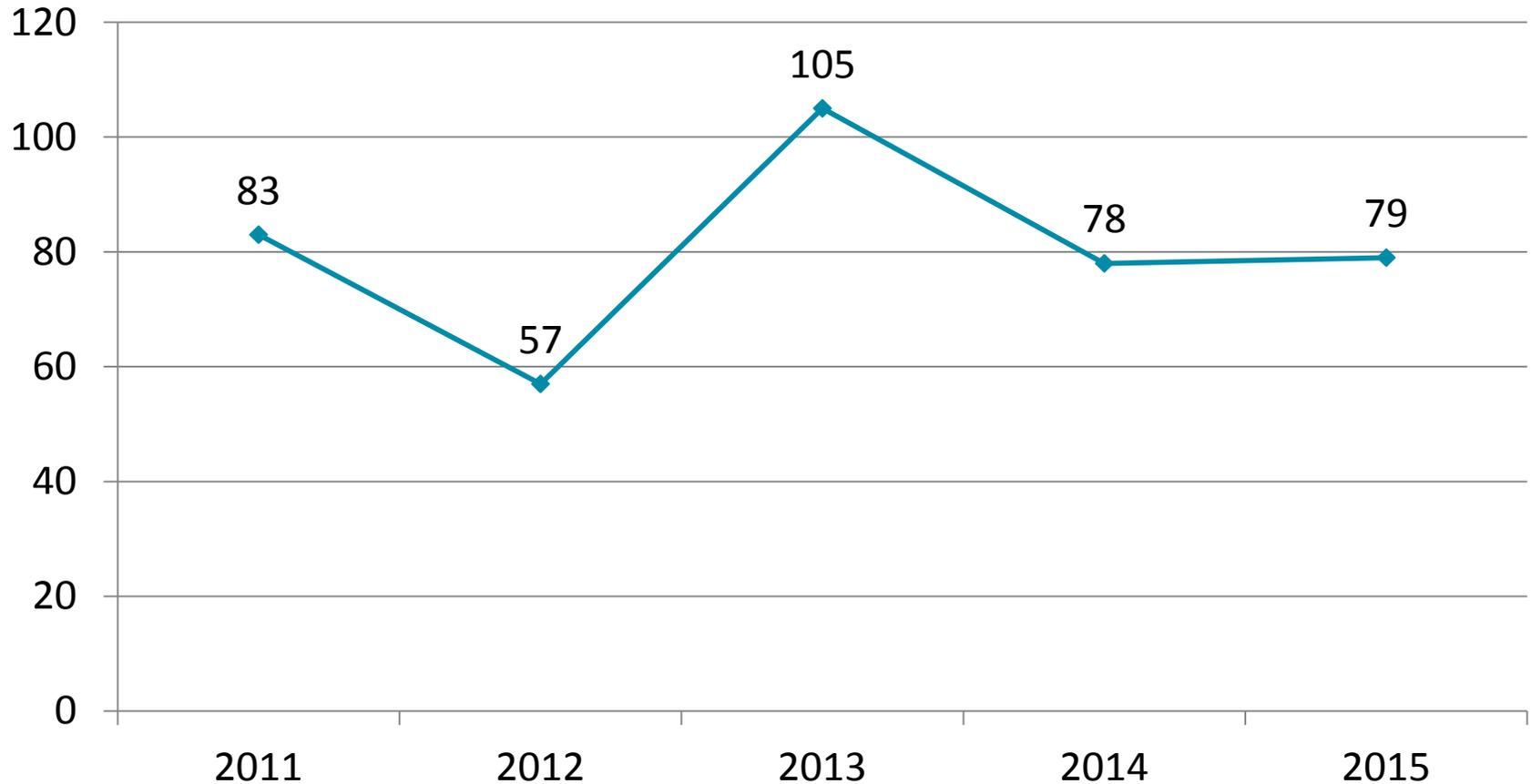
<sup>2</sup> Includes 2015 pending, defeated, and enacted bills; as well as 2016 draft bills

<sup>3</sup> Includes failed, failed-adjourned, or vetoed bills

# Number of Requests to NCCI for Pricing of Law/Regulation Changes in the Last Five Years



# Number of 1<sup>st</sup> Quarter Requests to NCCI for Pricing of Law/Regulation Changes in the Last Five Years



# Top Five Categories of 1<sup>st</sup> Quarter 2015 Workers Compensation Proposals

**First Responders 65**

**Definition of Employee 37**

**Occupational Disease 36**

**Reimbursement/Fee  
Schedules 33**

**Indemnity Benefits 32**

# Top Five Items to Know From Actuarial Perspective About NCCI's Pricing Process

- Objective evaluation of legislative changes
- Rigorous review process incorporating insights from knowledgeable stakeholders
- Cost impact may be a point estimate, a range, directional, or indeterminable
- If enacted, may or may not explicitly include in a filing – reflected in emerging experience
- Retrospective analysis of enacted reforms

# Top Five 1<sup>st</sup> Quarter 2015 Pricings With Greatest Impact

- New Hampshire SB 3: -14.2% (dead)
- New Hampshire HB 477: -10.0% (dead)
- Kentucky HB 206: +6.8% to +9.5% (dead)
- Arkansas HB 1768: +3.6% to +6.0% (dead)
- Oregon HB 2764: Over +5.0% (pending)

# Five Categories of 2015 Workers Compensation Proposals to Watch

- Drug Formularies
- Medical Marijuana
- Fee Schedules
- Opt Out
- Attorney Fees

# Drug Formularies

***More States Look to Closed Formularies to Lower Workers Comp Costs***

—Business Insurance

***More States Eye Use of Drug Formularies in Workers' Compensation***

—Insurance Journal

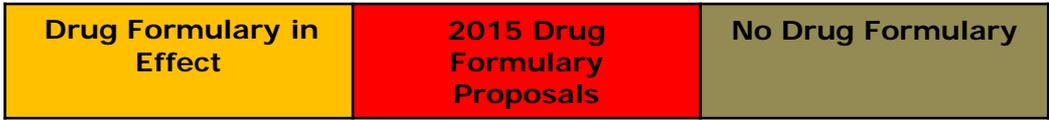
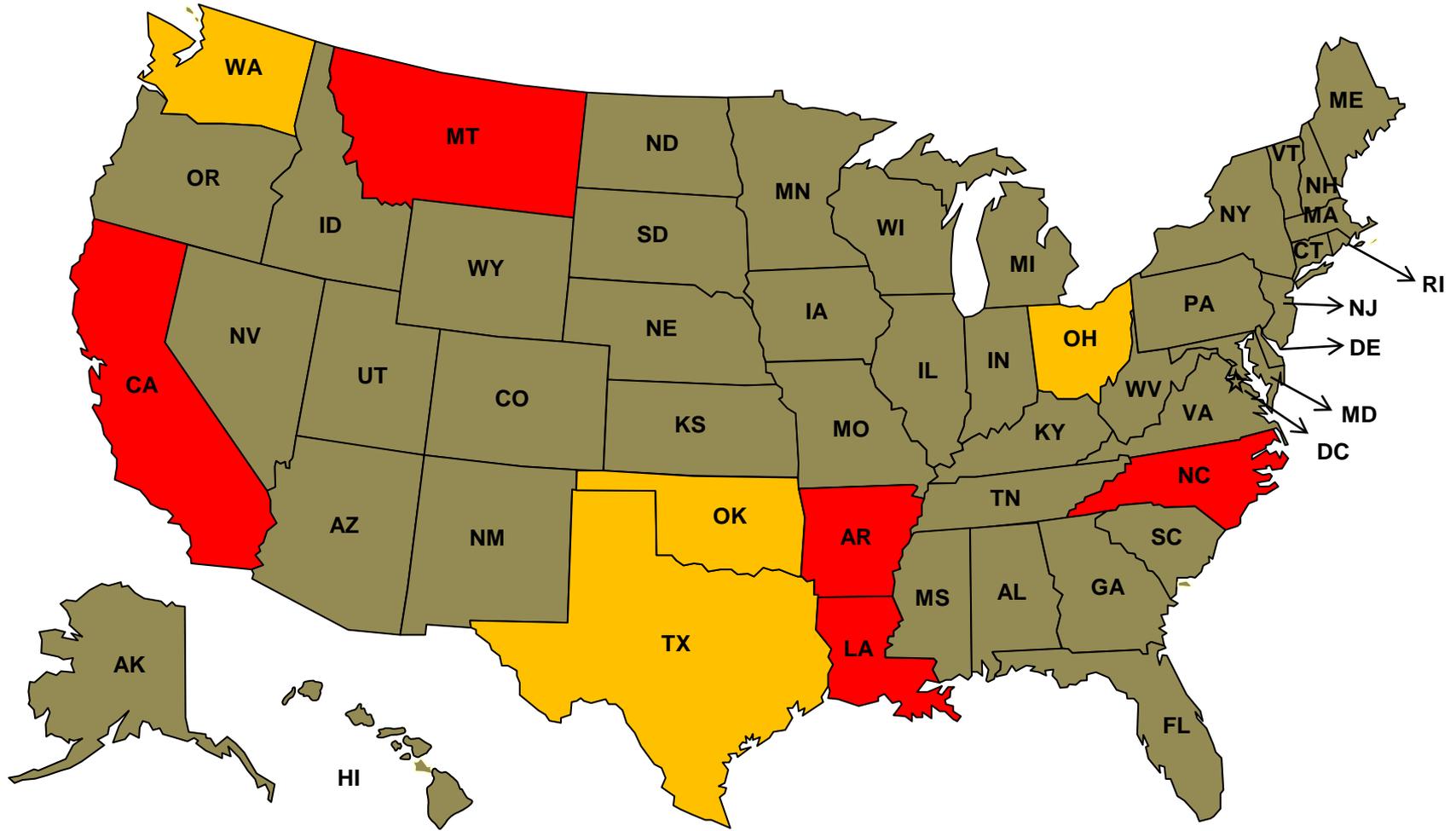
***Drug Formularies Back in the News***

—WorkersCompensation.com

***Closed Formulary Could Decrease Use of 'N' Drugs***

—Risk & Insurance

# Drug Formularies



# Top Five Regulatory/Legislative Facts on Drug Formularies

- Some states currently have workers compensation drug formularies (some level of control)
- Studies show formularies produce savings
- Some states have a form of a drug formulary-a preferred drug list
- Key to effectiveness of formulary is the degree of control
- Several states have filed bills/proposed regulations to adopt drug formularies

# Top Five Pricing Facts on Drug Formularies

- Historically a directional cost impact
- Designed to control utilization
- Evaluating a potential methodology
- Considerations for determining the cost impact
- Drugs that require preauthorization represent about 2% of all workers compensation costs

# Medical Marijuana

## ***Legal Marijuana Blurs Workplace Drug Policies***

— Business Insurance

## ***Arizona Law Clarified Medical Marijuana Insurance Requirements***

— Insurance Journal

## ***Addressing Medical Marijuana in Claims***

— Claims Journal

## ***Employers: Legalizing Marijuana Affects Workplace Safety, Hires***

— Journal-News



# Top Five Regulatory/Legislative Facts on Medical Marijuana

- 12/17/2014—New law bans Justice Department from using funds to prosecute medical marijuana cases in states where legal
- 3/10/2015—Federal bill was filed to change classification of marijuana from Schedule I to Schedule II drug
- Twenty-three states and DC have legalized medical marijuana
- In 2015, bills were filed in eighteen states to legalize medical marijuana; still pending in nine states; failed in nine states
- Four states and DC have legalized recreational marijuana

# Top Five Pricing Facts on Medical Marijuana

- Not currently priceable
- No data
- Some states, including those where medical marijuana has been legalized, taking position that medical marijuana is not reimbursable
- Unclear impact of medical marijuana on workers compensation costs
- Consideration—impact on drug-free workplace credit

# Physician/Facility Fee Schedules

***Medical Fees Shrouded in Mystery***

—insurancenewsnet.com

***New North Carolina Medical Fees  
Expected to Save on Work Comp***

—Insurance Journal

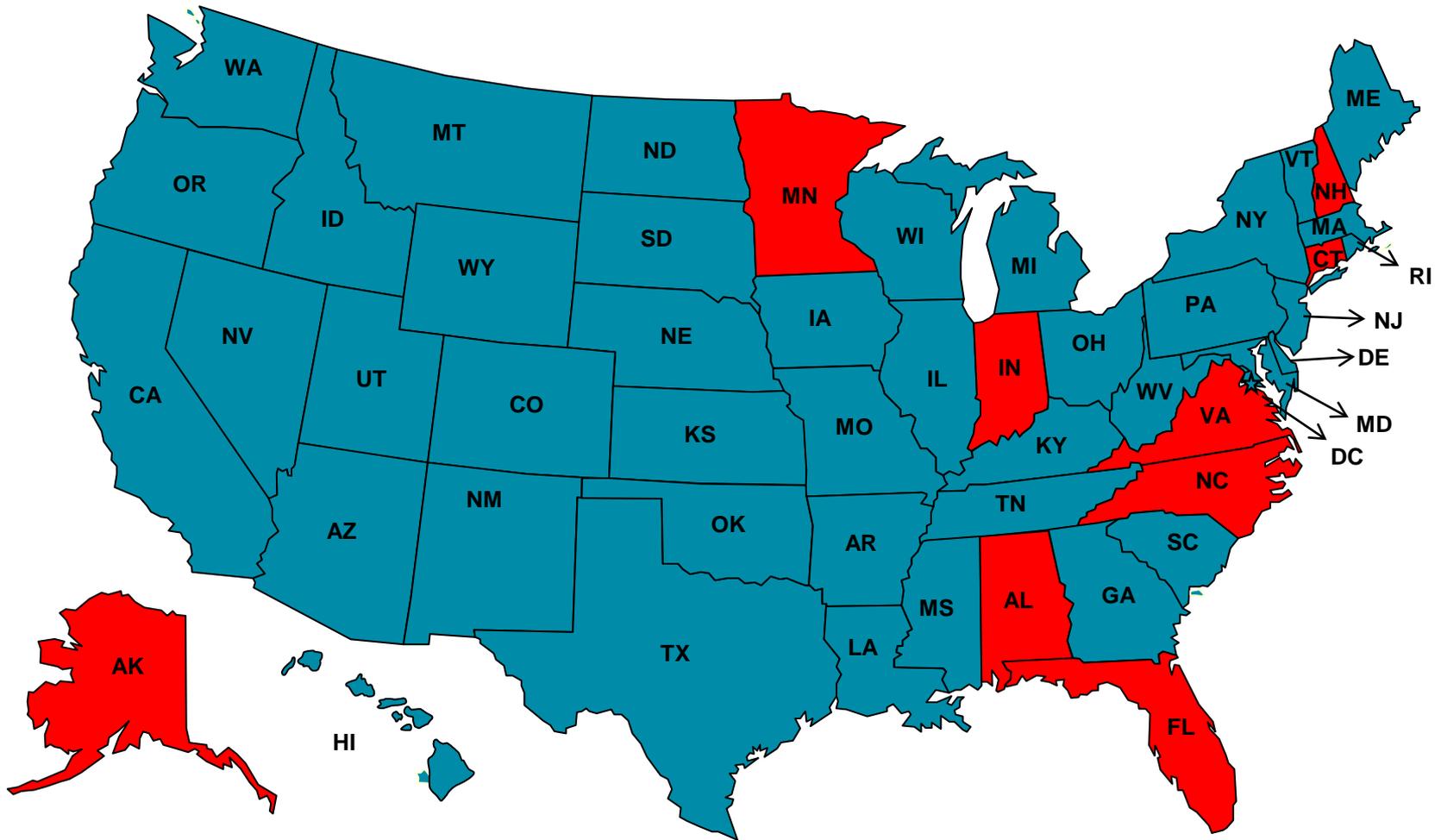
***WC Agency Proposing Changes to Fee Schedule,  
Health Care Services Rules***

—workcompcentral

***Higher Doctor Fees May Get Injured Workers Back to Work Faster***

—Business Insurance

# Physician/Facility Fee Schedules



Proposals to establish new fee schedules or adjust current fee schedules (excluding typical annual updates).

# Top Five Regulatory/Legislative Facts on Physician/Facility Fee Schedules

- Most states have physician/facility fee schedules
- Fee schedule introductions/changes are the most common type of medical cost containment proposal
- In 2015, Connecticut and North Carolina have added new fee schedules; Alaska is expected later this year
- Renewed attempts in 2015 to pass fee schedule bills in New Hampshire and Virginia did not succeed
- Fee schedule bill debates typically center around how to set an appropriate fee for the medical care provided (data and methodology)

# Top Five Pricing Facts on Physician/Facility Fee Schedules

- If designed appropriately, fee schedules are an effective tool at containing medical costs
- Trend toward Medicare-based fee schedules
- Often significant savings when implemented
- Reduced annual medical inflation in subsequent years
- Well-defined pricing methodology utilizing data from NCCI's Medical Data Call

# Opt Out

***As Large Companies Opt Out, Concerns Grow for Workers' Compensation System***

—New York Times

***Opt-Out Proposal Gets 'No' Vote from Advisory Panel***

—Workers' Compensation Report

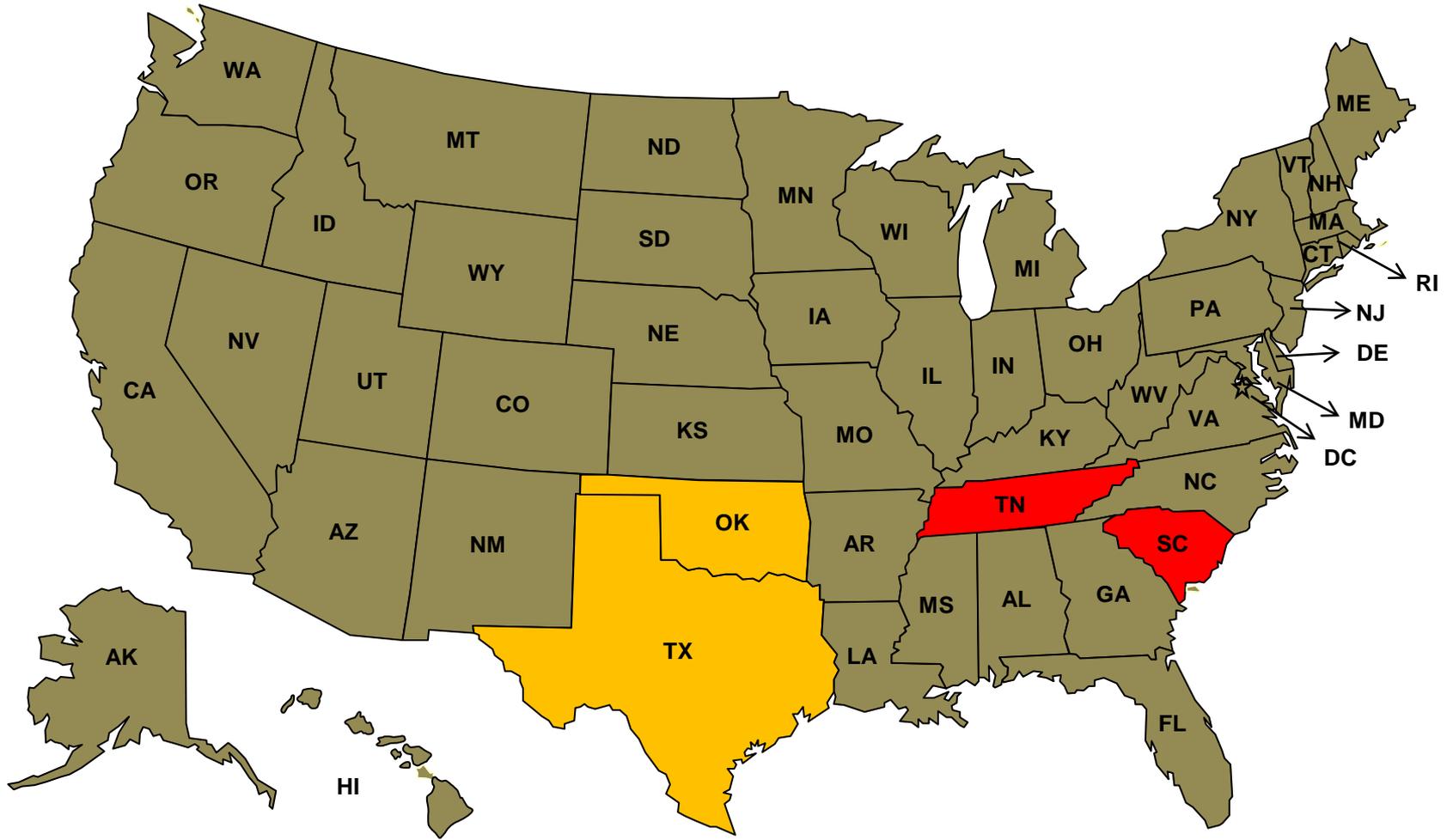
***Opting Out of Texas Workers' Comp Doesn't Have to Mean Going Bare***

—Insurance Journal

***Opt-Out in Workers Compensation Is Not A New Concept***

—WorkersCompensation.com

# Opt Out



Mandatory WC Coverage Subject to Statutory Exemptions	Opt Out In Effect	2015 Opt Out Proposals
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# Top Five Regulatory/Legislative Facts on Opt Out

- Two states currently permit opt out—TX, OK
- Models in two states are very different
- Both opt out states currently have bills filed to change the way opt out works
- Opt out bills filed in two other states—TN and SC
- New national employer trade association is also pursuing the filing of opt out bills in additional states

# Top Five Pricing Facts on Opt Out

- Not currently priceable
- Which employers will choose this option?
- How does the loss experience compare?
- How are the employers distributed across class codes?
- How will conflicts between provisions be resolved?

# Attorney Fees

***Workers' Compensation Attorney Fees in the News***

—workcompcentral

***Court Ponders Attorney Fees in Worker Cases***

—Orlando Sentinel

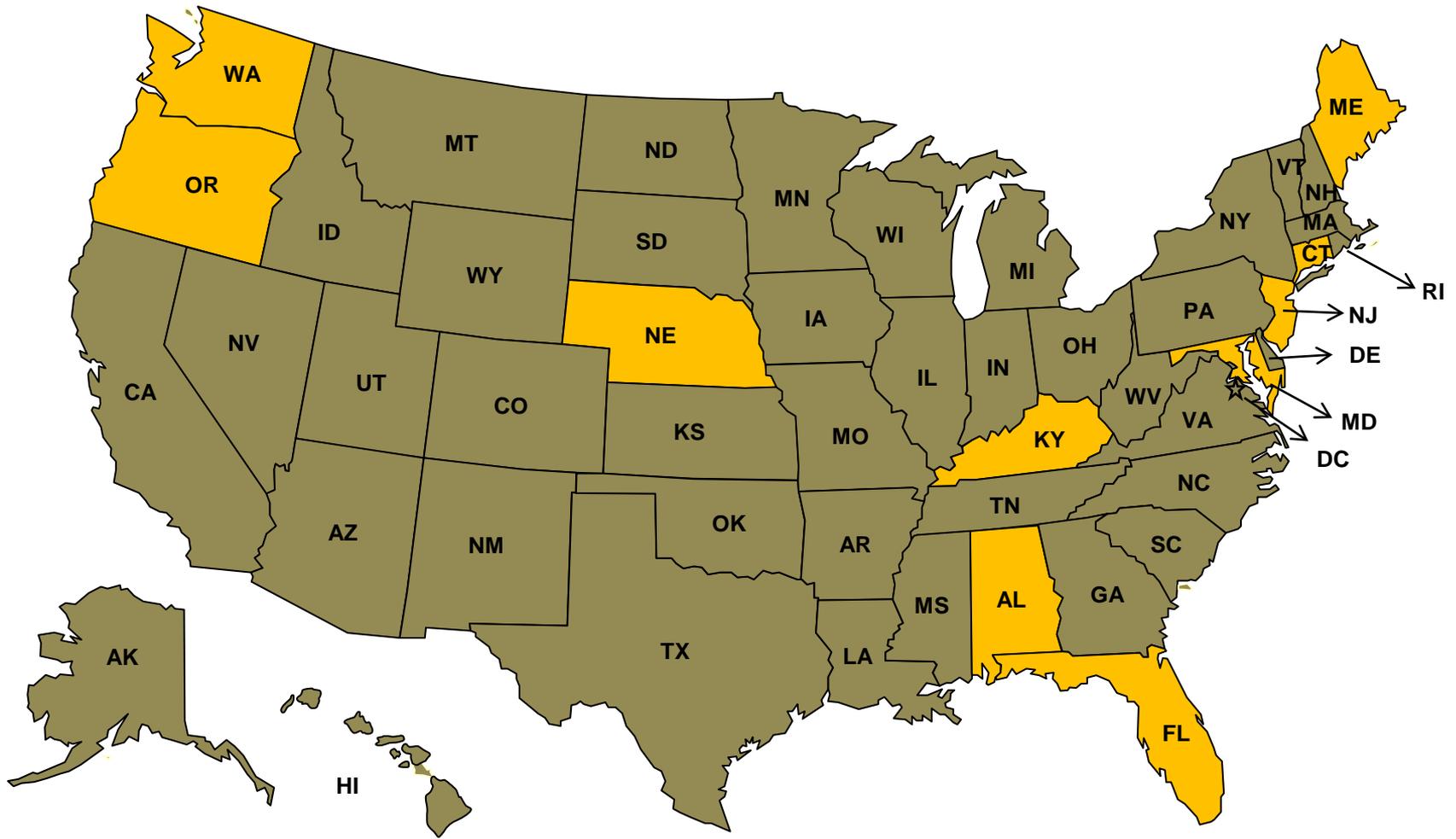
***Injured Worker's Law Firm Denied Fee Recoup from Comp Award***

—Business Insurance

***Florida Supreme Court Weighs Workers' Comp Attorney Fee Schedule***

—Insurance Journal

# Attorney Fees



# Top Five Regulatory/Legislative Facts on Attorney Fees

- Several states have bills pending to increase attorney fees
- Many states have a maximum award; other states limit to a reasonable fee
- Some argue that if attorney fees are too low, injured workers cannot get representation
- Others argue that workers compensation is meant to be a self-executing system so a high level of attorney involvement is not required
- Florida is again the state to watch – the Florida Supreme Court will soon decide whether attorney fee caps are constitutional

# Top Five Pricing Facts on Attorney Fees

- The type of fee schedule is a key consideration
- Fees may be based on benefits secured or the total award
- Are fees paid out of the award or paid by the employer/insurer?
- May impact claim frequency, average cost of claims, and expenses
- Moving from a schedule of fees to an uncapped, reasonable fee standard is expected to result in a significant increase

# Five Categories of Workers Compensation Cases to Watch in 2015

- Exclusive Remedy
- Medical Marijuana
- Sports
- Opt Out
- Independent Contractors

# Top Five Thoughts to Take Away

- 2015 legislative season producing second year in a row of relatively low volume of proposals that would impact workers compensation rates, rules, forms
- Drug formulary is the newest medical cost containment measure
- Physician/facility fee schedules are the most common medical cost containment measure
- More states may consider proposals to opt out of the workers compensation system; courts could soon decide whether opt out with exclusive remedy is valid alternative
- Decisions coming from courts, particularly on exclusive remedy, opt out, and attorney fees, could be game changers



# Appendix



# Premium

# Top Five States With Largest Workers Compensation Direct Written Premium

Calendar Year 2013

State	Premium
California	\$10.3 Billion
New York	\$5.2 Billion
Texas	\$2.7 Billion
Illinois	\$2.7 Billion
Pennsylvania	\$2.6 Billion

Private Carrier data compiled from 2013 Annual Statements as reported to NAIC

State Fund data compiled from Annual Statements and as published in A. M. Best's Aggregates and Averages

Monopolistic states excluded

# Top Five States With Smallest Workers Compensation Direct Written Premium

Calendar Year 2013

State	Premium
District of Columbia	\$163 Million
South Dakota	\$172 Million
Vermont	\$175 Million
Delaware	\$178 Million
Rhode Island	\$184 Million

Private Carrier data compiled from 2013 Annual Statements as reported to NAIC  
State Fund data compiled from Annual Statements and as published in A. M. Best's Aggregates and Averages  
Monopolistic states excluded

# Top Five States With the Largest Five Year Increase in Direct Written Premium

State	CY 2008	CY 2013	5 Year Change (%)
New York	\$3.5 Billion	\$5.2 Billion	48.3%
California	\$7.6 Billion	\$10.3 Billion	34.7%
Oklahoma	\$750 Million	\$972 Million	29.7%
Iowa	\$564 Million	\$725 Million	28.6%
South Dakota	\$138 Million	\$172 Million	24.9%

Private Carrier data compiled from 2013 Annual Statements as reported to NAIC

State Fund data compiled from Annual Statements and as published in A. M. Best's Aggregates and Averages

Monopolistic states excluded

# Top Five States With the Largest Five Year Decrease in Direct Written Premium

State	CY 2008	CY 2013	5 Year Change (%)
West Virginia	\$486 Million	\$337 Million	-30.5%
Nevada	\$431 Million	\$309 Million	-28.2%
Montana	\$356 Million	\$276 Million	-22.6%
Kentucky	\$593 Million	\$491 Million	-17.3%
Alabama	\$368 Million	\$313 Million	-15.1%

Private Carrier data compiled from 2013 Annual Statements as reported to NAIC

State Fund data compiled from Annual Statements and as published in A. M. Best's Aggregates and Averages

Monopolistic states excluded



# Results

# Top Five NCCI States With Highest Combined Ratios

Accident Year 2013

State	Combined Ratio
Oregon	132
Maine	122
Maryland	116
Rhode Island	113
Colorado	113

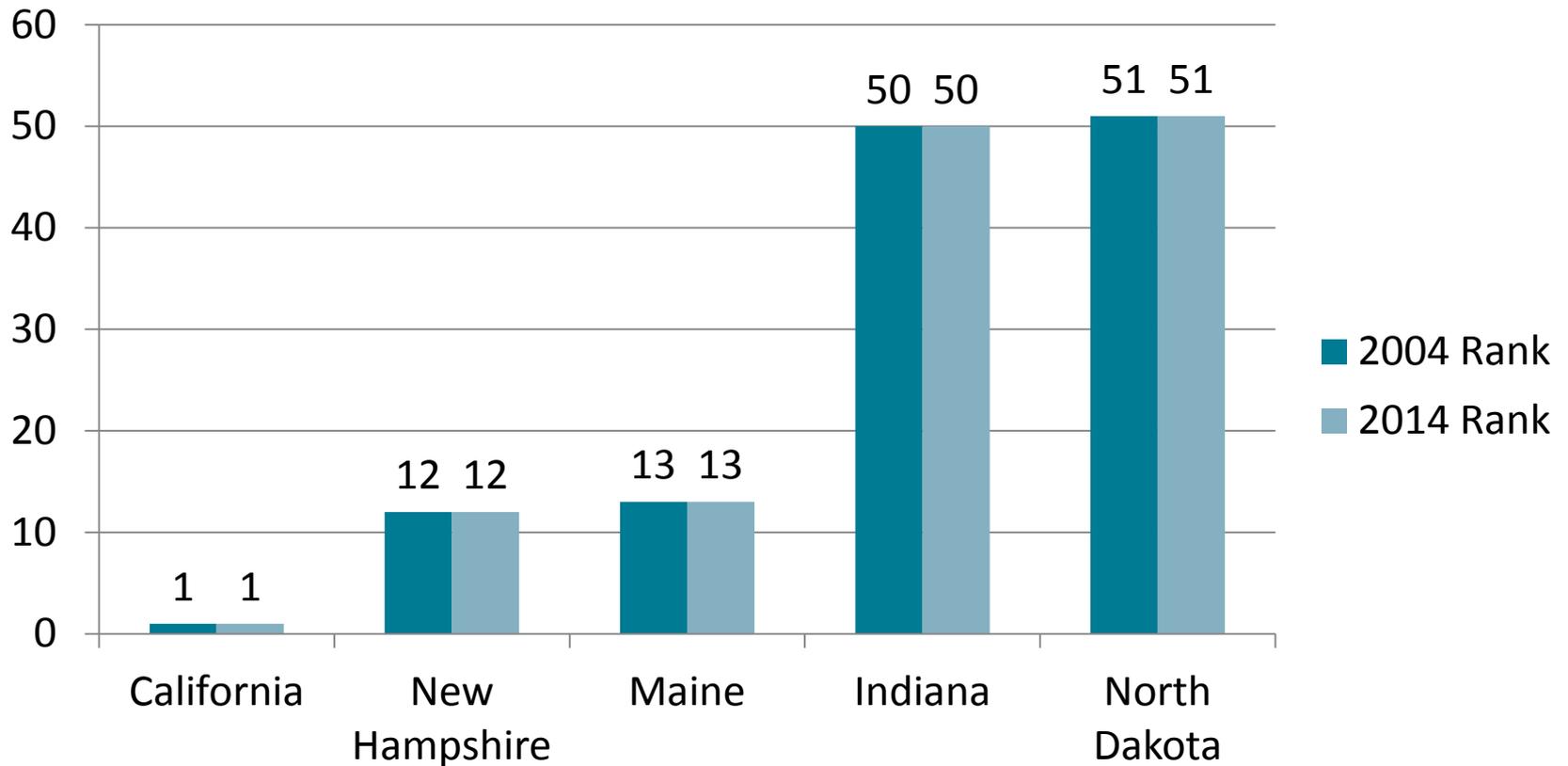
# Top Five NCCI States With Lowest Combined Ratios

Accident Year 2013

State	Combined Ratio
West Virginia	84
Texas	85
Oklahoma	89
Arkansas	89
Alaska	90

# Top Five Most Stable States Based on Rankings

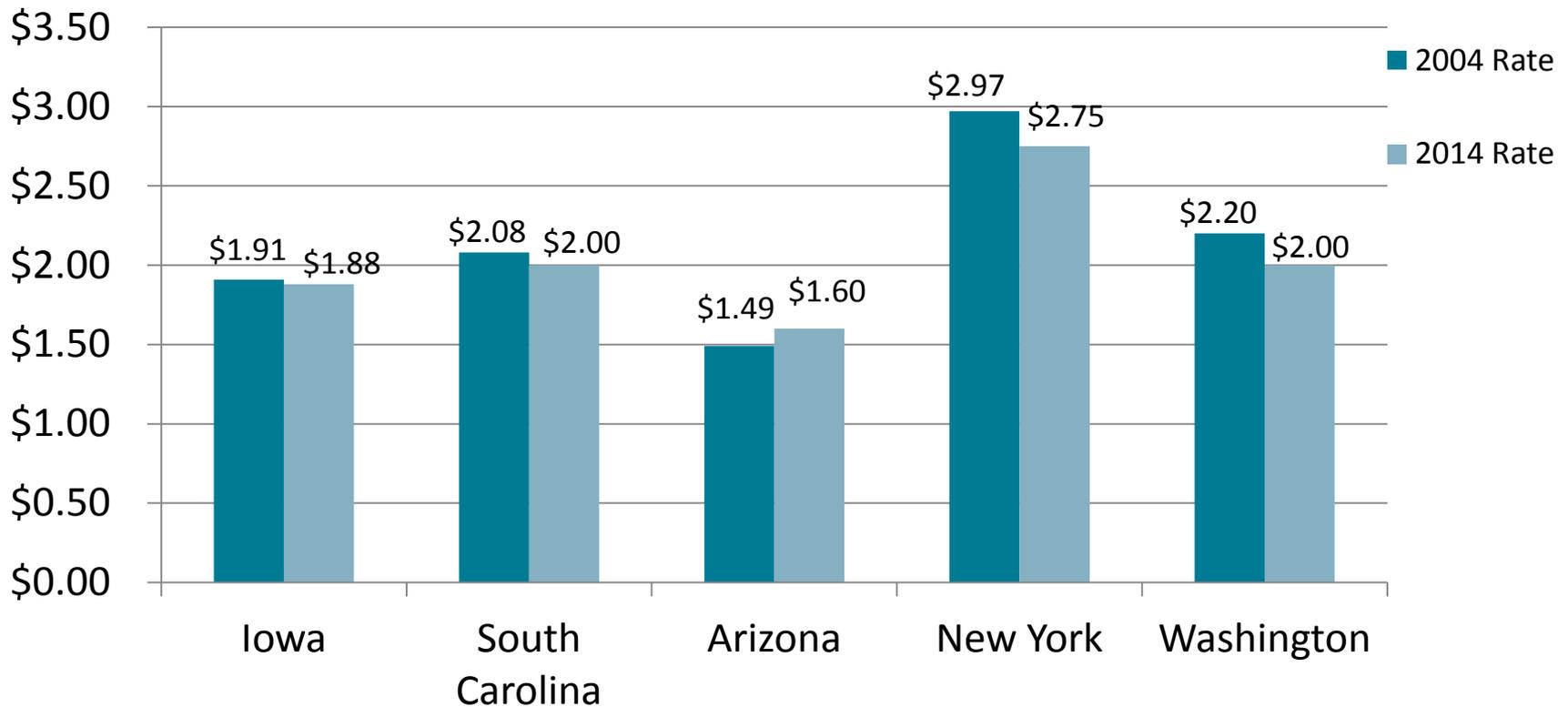
From the 2004 and 2014 Oregon Workers Compensation Premium  
Rate Ranking Studies



Rank is based on descending rates, i.e., the state with the highest average rate would be Rank 1

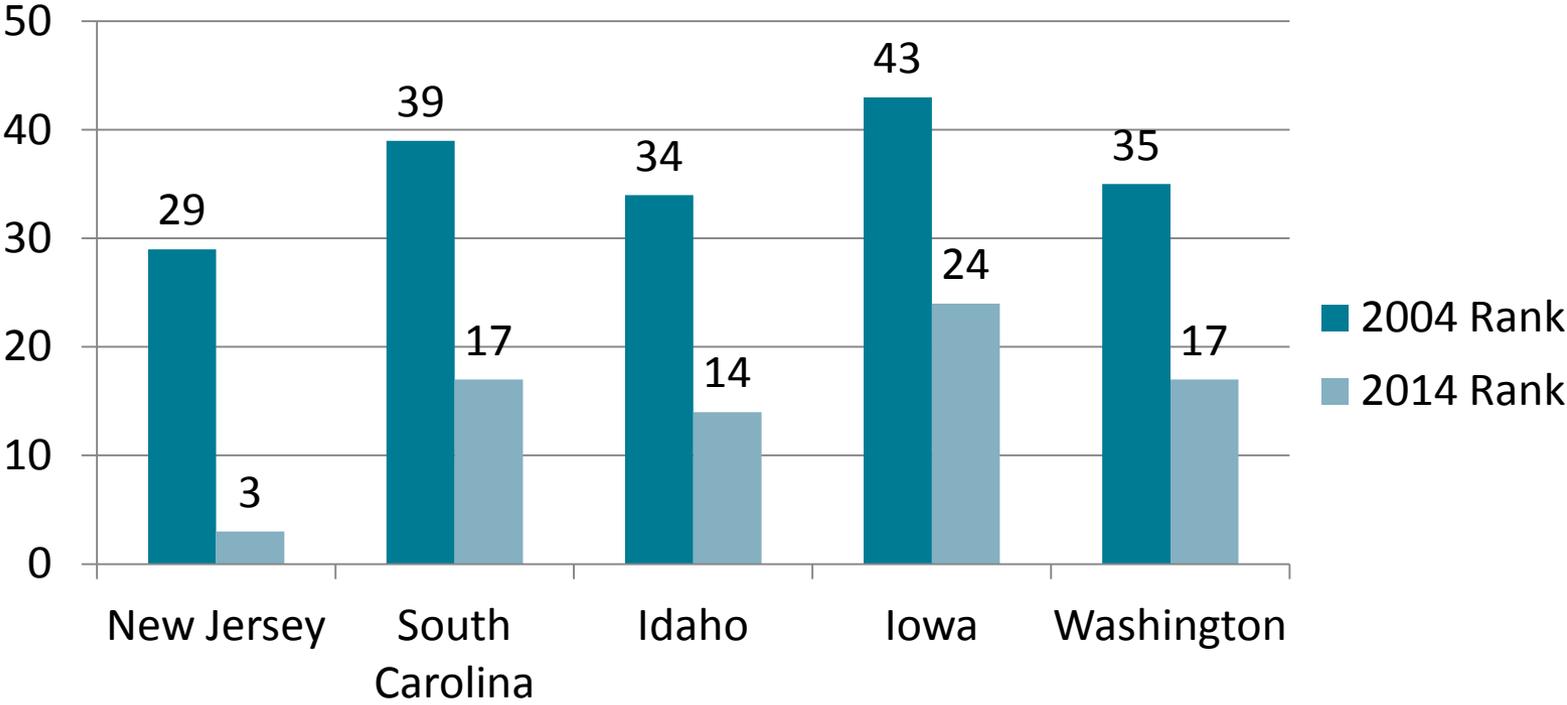
# Top Five Most Stable States Based on Rates

From the 2004 and 2014 Oregon Workers Compensation Premium  
Rate Ranking Studies



# Top Five States With the Largest Ranking Increase

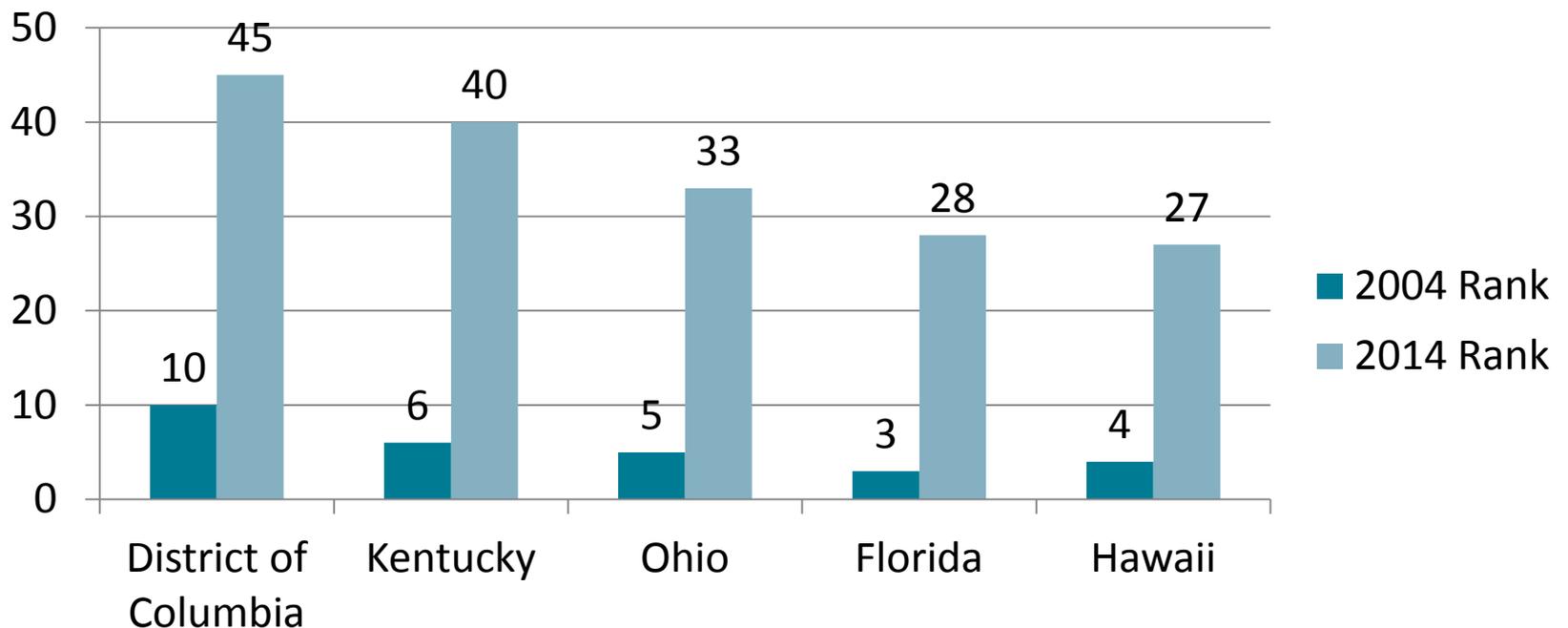
From the 2004 and 2014 Oregon Workers Compensation Premium Rate Ranking Studies



Rank is based on descending rates, i.e., the state with the highest average rate would be Rank 1

# Top Five States With the Largest Ranking Decrease

From the 2004 and 2014 Oregon Workers Compensation Premium Rate Ranking Studies



Rank is based on descending rates, i.e., the state with the highest average rate would be Rank 1



# Rate Filings

# Top Five NCCI States With Largest Approved Voluntary Increases

2014-2015 Rate Filing Season\*

State	Voluntary Change
District of Columbia	6.8%
Maine	2.6%
New Mexico	2.3%
Hawaii	2.0%
South Carolina**	1.9%

\*Filings with effective dates between 10/1/2014 and 9/1/2015

\*\*Pending

# Top Five NCCI States With Largest Approved Voluntary Decreases

2014-2015 Rate Filing Season\*

State	Voluntary Change
Texas	-10.9%
Kansas	-10.4%
West Virginia	-9.1%
South Dakota	-8.9%
Tennessee	-8.2%

\*Filings with effective dates between 10/1/2014 and 9/1/2015

# Top Five States With Highest Average Loss Costs by Industry Group

All Classes	Manufacturing	Contracting	Office & Clerical	Good & Services	Miscellaneous
• MT 2.25	• IL 3.23	• CT 7.34	• AK 0.58	• AK 2.97	• CT 6.54
• AK 2.04	• MT 3.22	• IL 6.50	• MT 0.48	• CT 2.80	• VT 5.65
• OK 1.72	• CT 3.00	• MT 5.81	• NM 0.41	• MT 2.75	• IL 5.61
• VT 1.62	• IA 2.96	• NH 5.39	• NV 0.40	• OK 2.46	• IA 4.93
• NM 1.61	• AK 2.95	• VT 5.24	• OK 0.37	• VT 2.46	• NC 4.92

Based on the latest NCCI approved rates and loss costs

# Top Five States With Lowest Average Loss Costs by Industry Group

All Classes	Manufacturing	Contracting	Office & Clerical	Good & Services	Miscellaneous
• DC 0.35	• AR 1.15	• TX 2.07	• DC 0.11	• AR 0.96	• TX 1.82
• TX 0.58	• UT 1.25	• IN 2.19	• TX 0.12	• TX 1.06	• DC 1.98
• VA 0.70	• IN 1.27	• AR 2.32	• VA 0.13	• DC 1.14	• AR 2.20
• AR 0.76	• TX 1.30	• HI 2.72	• AR 0.14	• UT 1.17	• UT 2.21
• IN 0.83	• AZ 1.46	• WV 2.92	• UT 0.15	• IN 1.24	• IN 2.48

Based on the latest NCCI approved rates and loss costs

# Top Five States With Highest Average Payroll Distribution by Industry Group

Manufacturing		Contracting		Office & Clerical		Goods & Services		Miscellaneous	
• IN	16.8%	• LA	12.9%	• DC	84.8%	• NV	38.0%	• OR	10.9%
• SC	16.3%	• NM	12.3%	• CT	69.9%	• HI	34.9%	• AK	10.3%
• AR	16.2%	• OK	11.2%	• VA	69.4%	• MT	30.4%	• MT	9.0%
• AL	15.5%	• AK	10.7%	• MD	68.0%	• NM	25.4%	• KY	8.9%
• KY	14.6%	• MT	10.1%	• IL	66.3%	• ME	24.9%	• WV	8.8%

Based on the latest NCCI approved rates and loss costs

# Top Five States With Lowest Average Payroll Distribution by Industry Group

Manufacturing	Contracting	Office & Clerical	Goods & Services	Miscellaneous
• DC 0.2%	• DC 3.1%	• NV 41.1%	• DC 9.8%	• DC 2.2%
• AK 2.7%	• CT 3.5%	• MT 44.9%	• TX 11.7%	• CT 3.0%
• HI 2.9%	• NH 3.8%	• HI 45.6%	• VA 16.3%	• NH 3.3%
• MD 4.2%	• KY 4.0%	• MS 47.7%	• CT 16.5%	• VA 3.6%
• FL 4.5%	• GA 4.3%	• NM 48.3%	• IL 16.6%	• RI 4.0%

Based on the latest NCCI approved rates and loss costs

# Top Five Class Codes With the Highest Average Loss Cost/Rate Change Countrywide

Class Code	Latest Change
7600 - TELECOMMUNICATIONS CO. - CABLE TV OR SATELLITE - ALL OTHER EMPLOYEES & DRIVERS	6.2%
8855 - BANKS AND TRUST COMPANIES - ALL EMPLOYEES, SALESPERSONS, DRIVERS & CLERICAL	3.5%
7405 - AVIATION: AIR CARRIER - SCHEDULED, COMMUTER OR SUPPLEMENTAL - FLYING CREW	2.4%
8869 - CHILD CARE CENTER - ALL EMPLOYEES INCLUDING CLERICAL, SALESPERSONS & DRIVERS	0.2%
9015 - BUILDING OR PROPERTY MANAGEMENT - ALL OTHER EMPLOYEES	-1.1%

Based on the latest approved loss costs and rates for the 50 class codes with the highest aggregate payroll countrywide

# Top Five Class Codes With the Lowest Average Loss Cost/Rate Change Countrywide

Class Code	Latest Change
8603 - ARCHITECTURAL OR ENGINEERING FIRM - CLERICAL	-21.8%
8601 - ARCHITECTURAL OR ENGINEERING FIRM - INCLUDING SALESPERSONS & DRIVERS	-9.5%
4511 - ANALYTICAL LABORATORIES OR ASSAYING - INCLUDING LABORATORY, OUTSIDE EMPLOYEES, COLLECTORS OF SAMPLES, & DRIVERS	-9.4%
8723 - INSURANCE COMPANIES - INCLUDING CLERICAL & SALESPERSONS	-9.1%
3681 - TELEVISION, RADIO, TELEPHONE OR TELECOMMUNICATION DEVICE MFG NOC	-7.8%

Based on the latest approved loss costs and rates for the 50 class codes with the highest aggregate payroll countrywide

# Top Five States With Smallest Cumulative Claim Frequency Decrease

## Lost-Time Claims

State	10 Policy Year Frequency Change
Georgia	-1%
Oregon	-6%
South Dakota	-9%
North Carolina	-10%
Arizona	-11%

Based on data through 12/31/2013, developed to ultimate; equal to the policy year 2012 frequency divided by the policy year 2003 frequency for the 37 NCCI states with available data

# Top Five States With Largest Cumulative Claim Frequency Decrease

## Lost-Time Claims

State	10 Policy Year Frequency Change
Texas	-39%
Missouri	-37%
Kentucky	-37%
Vermont	-35%
Louisiana, Oklahoma	-34%

Based on data through 12/31/2013, developed to ultimate; equal to the policy year 2012 frequency divided by the policy year 2003 frequency for the 37 NCCI states with available data

# Top Five NCCI States With Largest Policyholder Dividends Percentages

Calendar Year 2013

State	Policyholder Dividend
Maine	7.8%
Iowa	3.0%
Florida	2.7%
Nebraska	1.7%
Idaho	1.6%

Calculated by NCCI from NAIC Annual Statement page 14 data  
Based on private carrier data only



# Indemnity/Medical

# NCCI States With Top Five Highest Approved Indemnity Loss Ratio Trend

2014-2015 Rate Filing Season\*

State	Indemnity Trend
IA	0.0%
CT, IN, NH	-0.5%
GA, LA, NC	-1.0%
DC, MD, MI, OR VT	-1.5%
FL, ME, NE, SC**	-2.0%

\*Filings with effective dates between 10/1/2014 and 9/1/2015

\*\*Pending

# NCCI States With Top Five Lowest Approved Indemnity Loss Ratio Trend

2014-2015 Rate Filing Season\*

State	Indemnity Trend
WV	-5.5%
AK, AR, KY	-5.0%
AZ	-4.5%
CO, HI, ID	-4.0%
TN, UT	-3.5%

\*Filings with effective dates between 10/1/2014 and 9/1/2015

# NCCI States With Top Five Highest Approved Medical Loss Ratio Trend

2014-2015 Rate Filing Season\*

State	Medical Trend
IA	2.0%
CT, IN, NH	1.5%
LA	1.0%
AZ, ID, MO, OR	0.5%
AK, CO, FL, HI, IL, MT, NE, NC, SD, TN, WV	0.0%

\*Filings with effective dates between 10/1/2014 and 9/1/2015

# NCCI States With Top Five Lowest Approved Medical Loss Ratio Trend

2014-2015 Rate Filing Season\*

State	Medical Trend
TX	-3.5%
KY	-3.0%
AL, DC, ME	-1.5%
AR, MS, NV, OK, SC**, UT	-1.0%
GA, KS, MD, NM, VT	-0.5%

\*Filings with effective dates between 10/1/2014 and 9/1/2015

\*\*Pending

# Top Five NCCI States With Highest Lost-Time Indemnity Severity

Policy Year 2012  
2014-2015 Rate Filing Season\*

State	Indemnity Average Lost-Time Claim Severity
District Of Columbia	40,185
Louisiana	38,647
North Carolina	35,826
Connecticut	31,972
South Carolina	31,956

Source: NCCI financial data evaluated as of 12/31/2013

\*Filings with effective dates between 10/1/2014 and 9/1/2015

# Top Five NCCI States With Lowest Lost-Time Indemnity Severity

Policy Year 2012  
2014-2015 Rate Filing Season\*

State	Indemnity Average Lost-Time Claim Severity
Utah	12,204
Indiana	12,634
Oregon	13,455
South Dakota	13,700
New Hampshire	14,456

Source: NCCI financial data evaluated as of 12/31/2013

\*Filings with effective dates between 10/1/2014 and 9/1/2015

# Top Five NCCI States With Highest Lost-Time Medical Severity

Policy Year 2012  
2014-2015 Rate Filing Season\*

State	Medical Average Lost-Time Claim Severity
Alaska	54,146
Virginia	48,973
Louisiana	47,964
New Mexico	46,749
Alabama	44,536

Source: NCCI financial data evaluated as of 12/31/2013

\*Filings with effective dates between 10/1/2014 and 9/1/2015

# Top Five NCCI States With Lowest Lost-Time Medical Severity

Policy Year 2012  
2014-2015 Rate Filing Season\*

State	Medical Average Lost-Time Claim Severity
Hawaii	13,113
Oregon	17,354
Texas	26,115
Missouri	26,798
District of Columbia	26,962

Source: NCCI financial data evaluated as of 12/31/2013

\*Filings with effective dates between 10/1/2014 and 9/1/2015

# Top Five NCCI States With Largest Indemnity Percentage of Benefits

Based on the 2014-2015 Rate Filing Season\*

State	Indemnity Percentage
Rhode Island**	65%
District of Columbia	62%
Hawaii	52%
South Carolina	52%
Illinois	51%

\*Filings with effective dates between 10/1/2014 and 9/1/2015

\*\*Based on 8/1/2014 filing

# Top Five NCCI States With Largest Medical Percentage of Benefits

Based on the 2014-2015 Rate Filing Season\*

State	Medical Percentage
Alaska	76%
Utah	76%
Indiana	75%
Arizona	75%
New Hampshire	73%

\*Filings with effective dates between 10/1/2014 and 9/1/2015

# Top Five NCCI States With Biggest Shifts in Indemnity/Medical Splits

Based on the 2013-2014\* and 2014-2015\*\* Rate Filing Seasons\*

State	Indemnity/Medical Last Season	Indemnity/Medical Current Season
Oklahoma	53% / 47%	46% / 54%
Tennessee	36% / 64%	31% / 69%
Missouri	37% / 63%	42% / 58%
Kansas	38% / 62%	35% / 65%
Maine	45% / 55%	48% / 52%

\*Filings with effective dates between 10/1/2013 and 9/1/2014

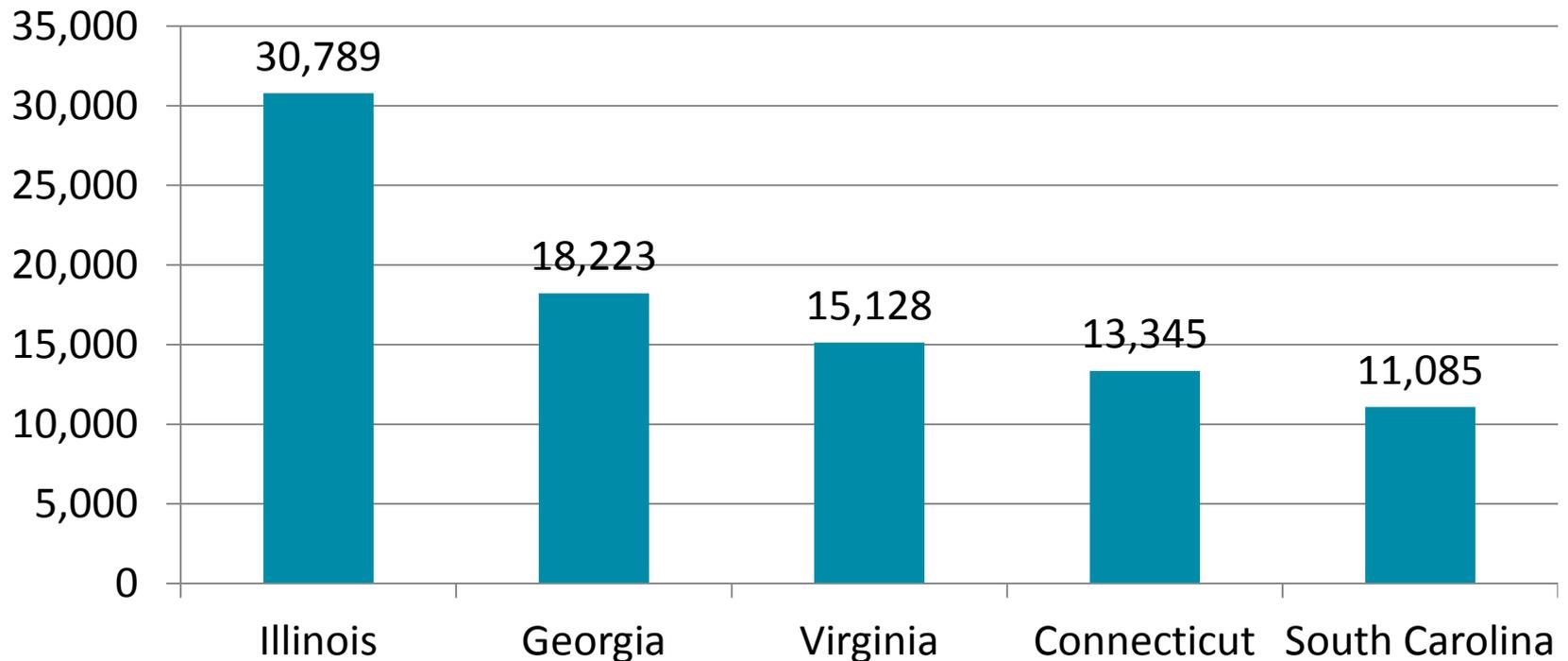
\*\*Filings with effective dates between 10/1/2014 and 9/1/2015



# Residual Markets

# Top Five Largest Residual Market States By Policy Count

Among 21 States Where NCCI Is Plan Administrator  
Residual Market Annual 2014 State Activity Reports

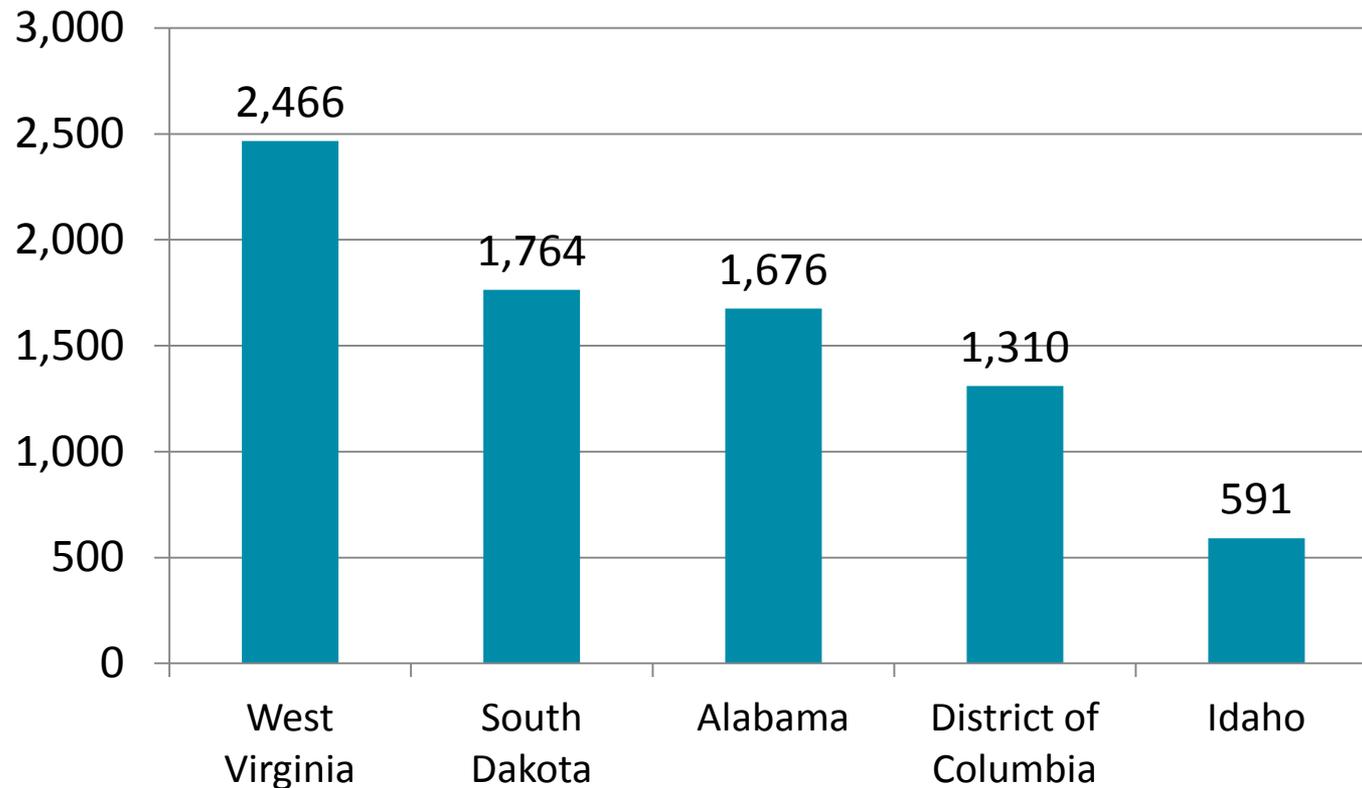


Annual Data for Policies Reported through December 31, 2014

Total number of all Assigned Risk Plan policies with effective dates during 2014

# Top Five Smallest Residual Market States By Policy Count

Among 21 States Where NCCI Is Plan Administrator  
Residual Market Annual 2014 State Activity Reports



Annual Data for Policies Reported through December 31, 2014  
Total number of all Assigned Risk Plan policies with effective dates during 2014

# Top Five Largest Residual Market States By Premium

Among 21 States Where NCCI Is Plan Administrator  
Residual Market Annual 2014 State Activity Reports

State	Premium
Illinois	\$120 Million
Virginia	\$62 Million
Georgia	\$60 Million
Connecticut	\$55 Million
Arizona	\$52 Million

Annual Data Reported through December 31, 2014  
Total amount of all Assigned Risk Plan premium with effective dates during 2014

# Top Five Smallest Residual Market States By Premium

Among 21 States Where NCCI Is Plan Administrator  
Residual Market Annual 2014 State Activity Reports

State	Premium
Idaho	\$2 Million
District of Columbia	\$9 Million
South Dakota	\$11 Million
Alabama	\$12 Million
New Mexico	\$17 Million

Annual Data Reported through December 31, 2014

Total amount of all Assigned Risk Plan premium with effective dates during 2014

# Top Five States With Largest Assigned Risk Market Share

As a Percentage of Premiums Written

2004	2009	2014*
Kansas – 20.7%	Alaska – 11.9%	Alaska – 15.8%
Alaska – 20.2%	Kansas – 8.4%	Vermont – 11.0%
New Hampshire – 16.9%	New Hampshire – 5.9%	New Hampshire – 10.9%
Vermont – 16.8%	Vermont – 5.7%	Arkansas – 10.4%
Virginia – 15.5%	Virginia – 5.3%	Kansas – 10.4%

Only NCCI managed residual markets are reflected

\*Preliminary

# Top Five States With Smallest Assigned Risk Market Share

As a Percentage of Premiums Written

2004	2009	2014*
Arizona – 0.9%	Idaho – 0.7%	Idaho – 0.6%
Idaho – 1.4%	Arizona – 0.7%	Alabama – 4.5%
Alabama – 8.3%	West Virginia – 0.8%	Illinois – 5.1%
Oregon – 8.5%	Alabama – 2.6%	South Carolina – 5.8%
Georgia – 8.7%	Illinois – 2.7%	West Virginia – 6.0%

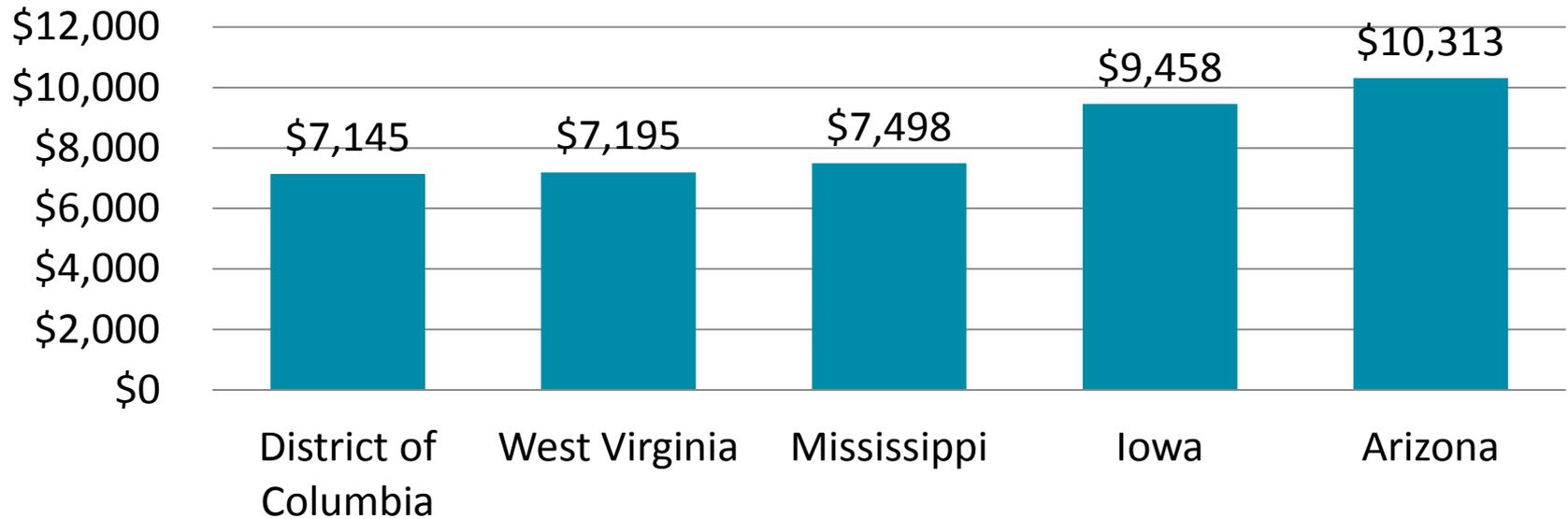
Only NCCI managed residual markets are reflected

\*Preliminary

# Top Five States With Largest Average Residual Market Policy Size

Among 21 States Where NCCI Is Plan Administrator  
Residual Market Annual 2014 State Activity Reports

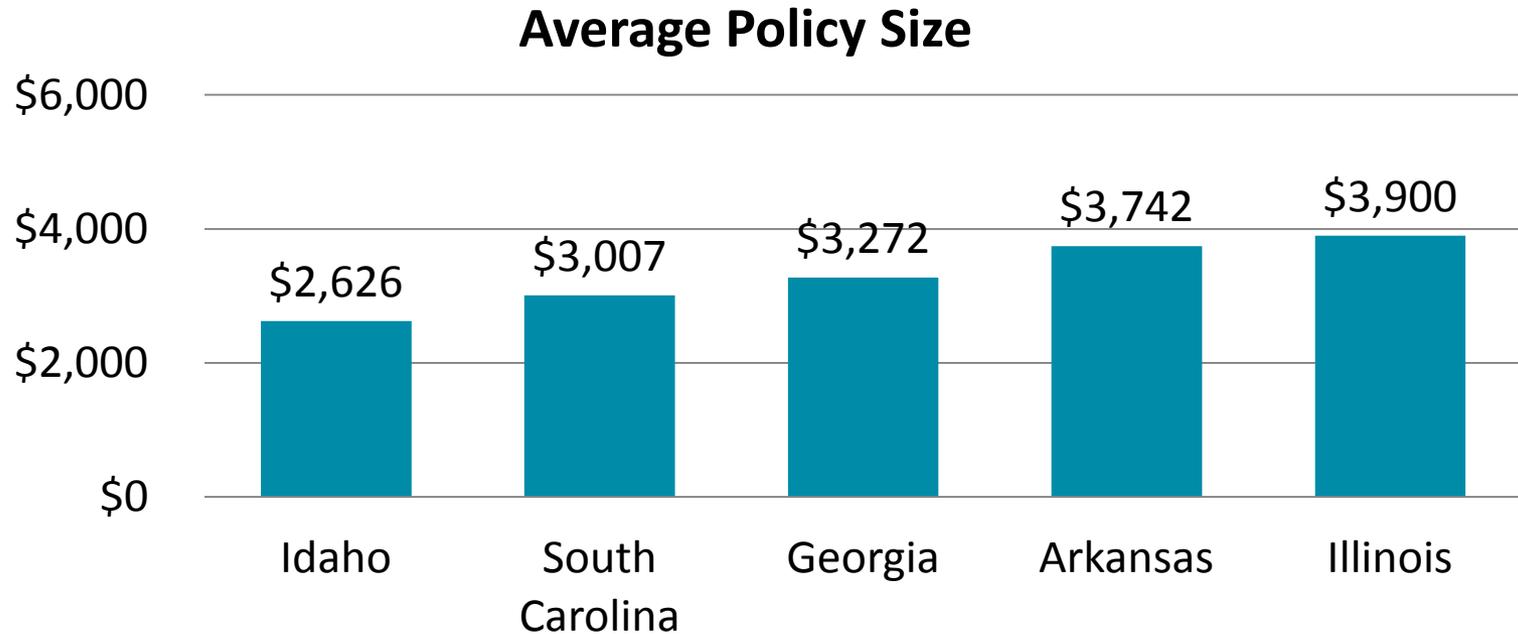
## Average Policy Size



Annual Data Reported through December 31, 2014  
Based on premium for policies with effective dates during 2014

# Top Five States With Smallest Average Residual Market Policy Size

Among 21 States Where NCCI Is Plan Administrator  
Residual Market Annual 2014 State Activity Reports



Annual Data Reported through December 31, 2014  
Based on premium for policies with effective dates during 2014

# Top Five Class Codes in Residual Market By Policy Count

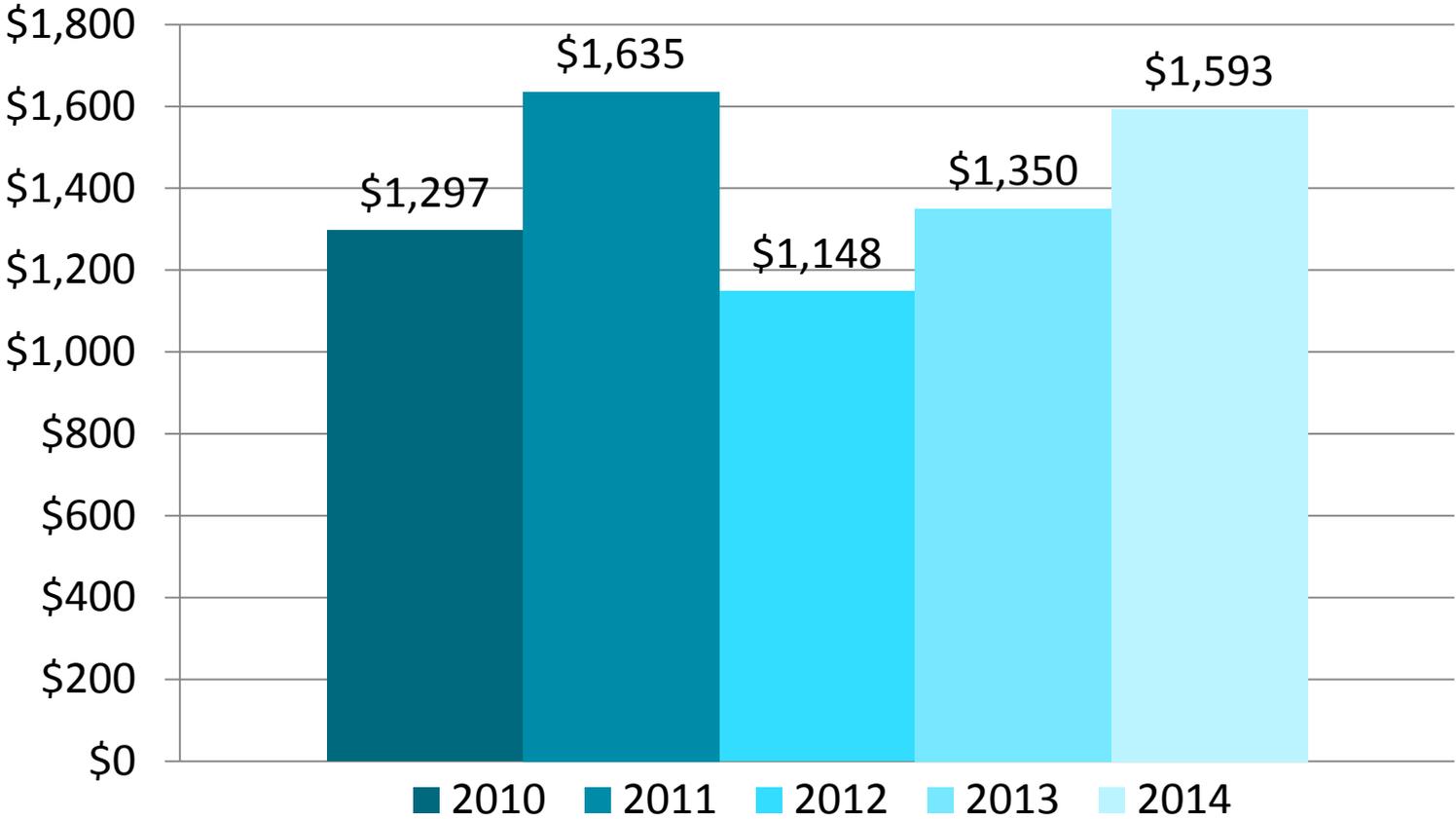
Among 21 States Where NCCI Is Plan Administrator  
Policy Year 2014

Class Code	Percentage by Policy Count
5645-Carpentry Construction	8.2%
5437-Carpentry Installation	5.0%
5474-Painting	4.5%
7228-Trucking, Local	4.1%
5551-Roofing	2.8%

Annual Data Reported through December 31, 2014  
The top governing class codes for policies issued during 2014

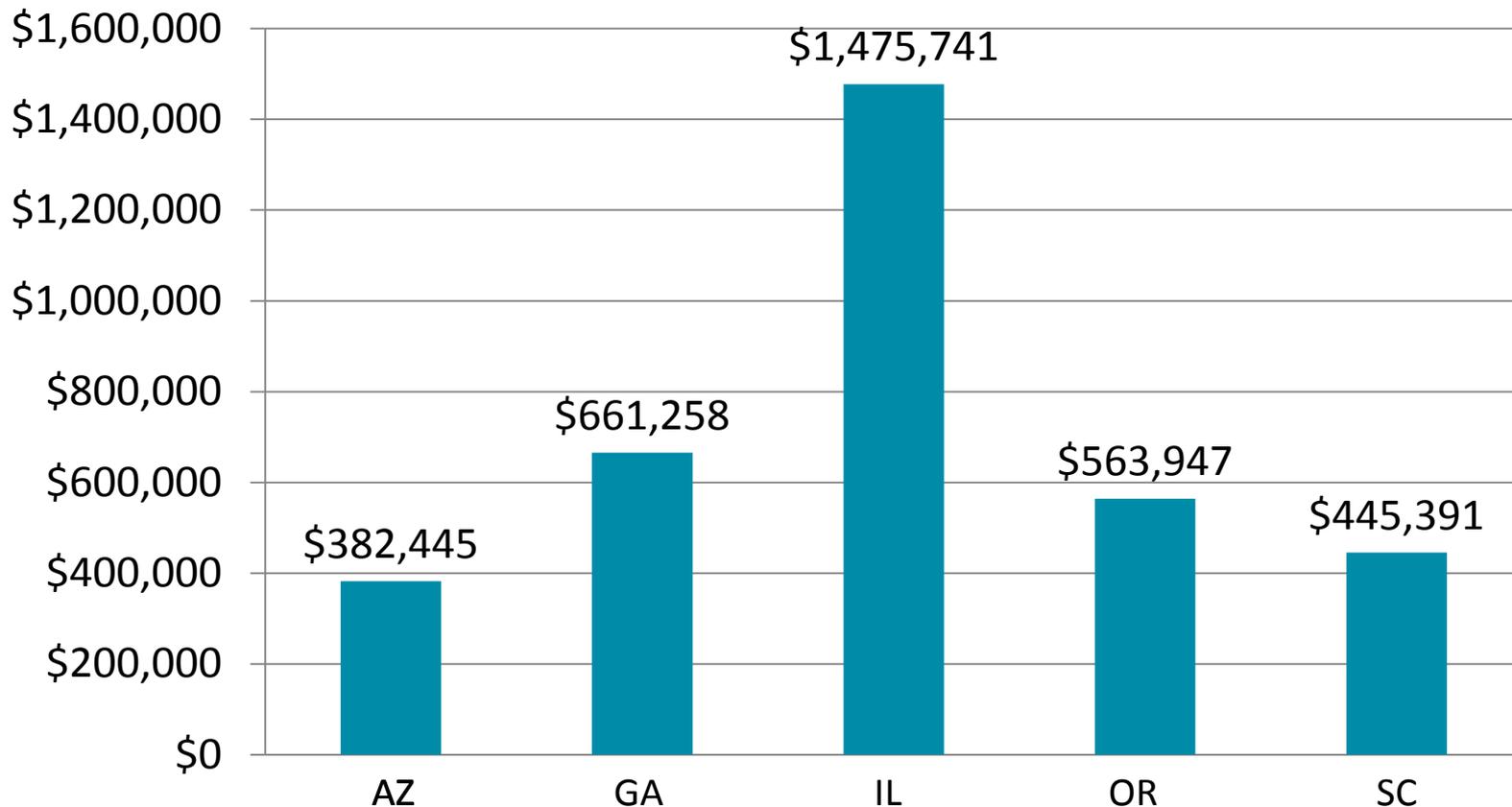
# Last Five Years of Voluntary Coverage Assistance Program Results (NCCI's VCAP® Service)

## Average Savings per Application

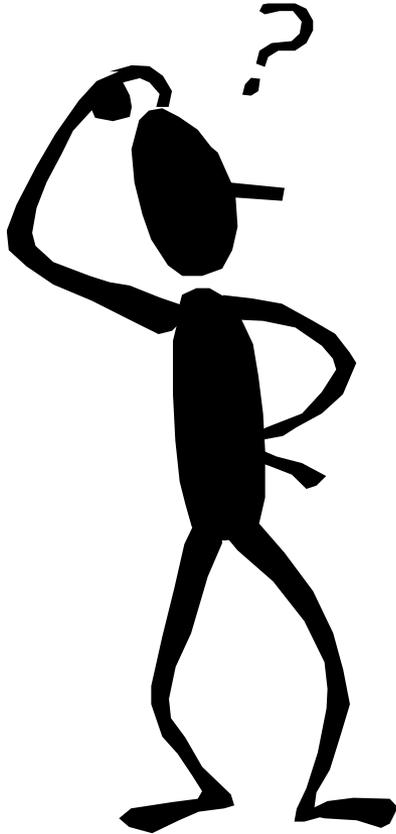


# Top Five States—Voluntary Coverage Assistance Program Results (NCCI's VCAP<sup>®</sup> Service)

## 2010-2014 Cumulative Savings



# Questions



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