

**RESIDUAL MARKET**

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Assigned risk plans and reinsurance pools, involuntary market, market-of-last-resort and joint underwriting associations (JUAs) are all varying forms or names of what is known as the 'Residual Market.'

All states and the District of Columbia provide a method to ensure that workers' compensation insurance coverage is available. Entities unable to purchase workers' compensation insurance in the voluntary market will be insured in the residual market (involuntary market), as long as they meet the eligibility requirements for the respective jurisdictional residual market mechanism.

The following is a breakdown, by jurisdiction, of the form of the existing residual market mechanisms:

- North Dakota, Ohio, Washington, and Wyoming are exclusive or non-competitive, state funds. All employers must purchase workers' compensation insurance through these exclusive state funds or self-insure. These state funds accept all applicants and, therefore, there is no formal separate and distinct residual market in those jurisdictions.
- In fourteen states, residual market coverage is provided by non-exclusive, or competitive, state funds. These states are California, Colorado, Hawaii, Kentucky, Louisiana, Maine, Maryland, Montana, New York, Oklahoma, Pennsylvania, Rhode Island, Texas, and Utah.
- Fourteen states have plans administered by state rating bureaus or an outside agency. These states are Delaware, Florida, Indiana, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, North Carolina, South Carolina, Tennessee, and Wisconsin. Most of these assigned risk plans are reinsured by voluntary market carriers, on a quota share basis, through reinsurance pools (several of which are managed by NCCI), but a few have only excess of loss reinsurance or no reinsurance by the voluntary market.
- The remaining nineteen jurisdictions have assigned risk plans and reinsurance pools administered by NCCI. These states are Alabama, Alaska, Arizona, Arkansas, Connecticut, District of Columbia, Georgia, Idaho, Illinois, Iowa, Kansas, Nevada, New Hampshire, New Mexico, Oregon, South Carolina\*, South Dakota, Vermont, and Virginia. Most, but not all, of these states assigned risk plans also allow carriers to participate on a direct assignment basis, rather than provide quota share reinsurance through the associated assigned risk pool.