

Delaware Compensation Rating Bureau, Inc.



United Plaza Building • Suite 1500
30 South 17th Street
Philadelphia, PA 19103-4007
(302) 654-1435 (215) 568-2371
FAX (215) 564-4328
www.dcrb.com

TO: Delaware Classification and Rating Committee

FROM: David T. Rawson – Technical Director, Classification and Field Operations

DATE: July 9, 2013

RE: Corporate Officer Weekly Minimum and Maximum Payrolls to be Audited in Delaware and Weekly Minimum and Maximum Payrolls For Sole Proprietors Or Partners

The DCRB proposes a revision to the corporate officer weekly minimum and maximum payrolls to be audited for premium purposes in Delaware, which are also used as a sole proprietor's or a partner's auditable payroll when the proprietor's or partner's payroll cannot be determined. The corporate officer weekly minimum and maximum auditable payrolls are a function of the Statewide Average Weekly Wage (SAWW) rounded to the nearest \$50.

The revision to the weekly minimum payroll to be audited is based upon Pennsylvania's modification to the National Council on Compensation, Inc. (NCCI) initiative being submitted across the country (NCCI Filing B-1420). That initiative proposes to change the minimum corporate officer payroll from the current level of 50 percent of the SAWW to 100 percent of SAWW. Pennsylvania adopted that proposal but accomplishes that transition over a period of five years. DCRB proposes that Delaware move to 60 percent of SAWW for December 1, 2013, and then move the value to 70 percent, 80 percent, 90 percent and finally 100 percent of current SAWW over the course of DCRB's next four annual comprehensive rating values revisions. DCRB proposes no change to the calculation of the maximum weekly payroll to be audited. DCRB continues to utilize the formula for the maximum weekly payroll value as reviewed and adopted by the Classification and Rating Committee in 1982. The DCRB recommends that the proposed revision to the weekly maximum auditable corporate officer payroll become effective concurrent with the implementation of the DCRB's 2013 comprehensive residual market rate and voluntary market loss cost revision.

Below find the proposed revisions to the weekly minimum and maximum corporate officer payrolls for Section 1, Rule IX, Paragraph A. 5., "Premium Determination."

Memorandum of July 9, 2013

RE: Corporate Officer Weekly Minimum and Maximum Payrolls to be Audited in Delaware and
Weekly Minimum and Maximum Payrolls For Sole Proprietors Or Partners

Page 2

CHANGE

**RULE IX - SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE
AND PREMIUM**

A. EXECUTIVE OFFICERS

5. Premium Determination

Premium for executive officers, other than elected officers of Delaware or its political subdivisions, shall be based on their total payroll, subject to the following:

- a. No change
- b. The minimum individual payroll for an executive officer is \$~~[500]~~600 per week.
- c. The maximum individual payroll for an executive officer is \$~~[2,400]~~2,500 per week.
- d. No change
- e. No change

c: Timothy Wisecarver
Michael Doyle
Kathy Grady