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DCRB
DELAWARE
Compensation Rating Bureau, Inc.

DELAWARE
CALL FOR EXPERIENCE #12

DELAWARE ASSIGNED RISK POLICY YEAR CALL VALUED AS OF DECEMBER 31, 2023 -
DUE MARCH 15, 2024

In accordance with the approved statistical program, you are requested to file with the DCRB on or before March 15, 2024, your Delaware compensation experience by policy year valued as of December 31, 2023. **Data reported in this Call is subject to the Financial Data Incentive Program (FDIP) and must be submitted on the Financial Data Manager (FDM).**

The data reported in this Call should exclude experience developed under large deductible policies (deductible amount of $100,000 or more per claim or per accident). For small deductible policies (deductible amount less than 100,000), losses are to be reported on a gross basis inclusive of the employer paid loss amount.

This Call continues the phased-in expansion of the Policy Year Call to ultimately collect 30 full underwriting years of data. This Policy Year Call retains the oldest data year 1994 and includes the current year 2023, thus requiring the collection of a total of 29 full underwriting years of data to be reported in 2024. Note that Policy Year 2023, valued as of December 31, 2023, is an incomplete policy year and is not counted as one of the 29 years.

As of August 1, 1994, Loss Costs in the state of Delaware became effective for voluntary business. Consequently, this Call will be used to develop assigned risk experience and also will be used along with the standard Policy Year Call #1 to develop "voluntary business only" experience. The data submitted on this Call should also be consistent with the assigned risk experience reported on the Policy Year Call #1.

All questions should be directed to Financial Data Reporting at (215) 568-2371.

A. GENERAL INSTRUCTIONS:

1. Group Report

This Call reports this information by individual members or by group as was established on the Designation of Contact Person form.

2. Policy Year Call

A policy year is composed of premiums and losses for all policies with effective dates in that year. For example, for policies with effective dates from January 1 to December 31, 2021, all claims that develop for these policies must be reported under Policy Year 2021, regardless of the year the injury occurred or the year it was reported to the carrier.

The Financial Calls on a policy year basis provide a stable match of premium and losses and, therefore, are widely used for testing rate adequacy and for ratemaking.

3. Designated Statistical Reporting Level

The Designated Statistical Reporting Level is the Standard Earned Premium that would have been developed if carrier business had been written at DCRB rates, pure premiums, or loss costs, as applicable.

Standard Earned Premium at the Company Level must be adjusted to the Standard Earned Premium at the Designated Statistical Reporting Level by referencing the designated statistical reporting rates or loss costs set forth by the DCRB. For Policy Years 1993 and earlier, the Designated Statistical Reporting Levels will continue to reflect historical DCRB rate levels.

Designated Statistical Reporting Level Other than U S L & H* Business

DELAWARE	
RESIDUAL MARKET	
Policy Eff Date	**DSR Level**
12/1/05 - 11/30/06	12/1/05 DCRB Residual Market Rates
12/1/06 - 11/30/07	12/1/06 DCRB Residual Market Rates
12/1/07 - 9/30/08	12/1/07 DCRB Residual Market Rates
10/1/08 - 11/30/08	10/1/08 DCRB Residual Market Rates (applicable to new, renewal and outstanding policies)
12/1/08 - 11/30/09	12/1/08 DCRB Residual Market Rates (reflecting Chancery Court-ordered reductions refer to DCRB Circular #858)
12/1/09 - 11/30/10	12/1/09 DCRB Residual Market Rates (reflecting Chancery Court-ordered reductions refer to DCRB Circular #859)
12/1/10 - 11/30/11	12/1/10 DCRB Residual Market Rates (reflecting Chancery Court-ordered reductions refer to DCRB Circular #865)
12/1/11 - 11/30/12	12/1/11 DCRB Residual Market Rates (reflecting Chancery Court-ordered reductions refer to DCRB Circular #872)
12/1/12 - 11/30/13	12/1/12 DCRB Residual Market Rates
12/1/13 - 11/30/14	12/1/13 DCRB Residual Market Rates
12/1/14 - 11/30/15	12/1/14 DCRB Residual Market Rates
12/1/15 - 11/30/16	12/1/15 DCRB Residual Market Rates
12/1/16 - 11/30/17	12/1/16 DCRB Residual Market Rates
12/1/17 - 5/31/18	12/1/17 DCRB Residual Market Rates
6/1/18 - 11/30/18	6/1/18 DCRB Residual Market Rates
12/1/18 - 11/30/19	12/1/18 DCRB Residual Market Rates
12/1/19 - 11/30/20	12/1/19 DCRB Residual Market Rates
12/1/20 - 11/30/21	12/1/20 DCRB Residual Market Rates
12/1/21 – 11/30/22	12/1/21 DCRB Residual Market Rates
12/1/22 – 11/30/23	12/1/22 DCRB Residual Market Rates
12/1/23-12/31/23	12/1/23 DCRB Residual Market Rates

Note: The DCRB's Filing No. 0806 (October 1, 2008 filing) was applicable to new, renewal and all outstanding policies. Final rating values for December 1, 2008 (Filing No. 0807, Circular #858, Exhibit 41), December 1, 2009 (Filing No. 0903, Circular #859, Exhibit 41), December 1, 2010 (Filing No. 1002, Circular #865, Exhibit 41) and December 1, 2011 (Filing No. 1105, Circular #872, Exhibit 41) include rating values that reflect the Chancery Court-ordered reductions. The Chancery Court-ordered reductions do not apply to rating values effective December 1, 2012 and subsequent.

* U S L & H - United States Longshore and Harbor Workers Act Coverages. U S L & H data should be excluded from Calls #1, #8 and #9.

4. Premium Reported in Financial Calls

The three earned premium types (levels) reported in Financial Calls and their components are defined as follows:

1. Standard Earned Premium at Bureau Designated Statistical Reporting Level

You are required to report Accumulated Standard Earned Premium for each of the indicated policy years. Specifically, for any given policy year, you are to report the entire Standard Earned Premium since policy inception through December 31, 2023, for those policies becoming effective during the policy year being reported.

For each policy year indicated, the Accumulated Standard Earned Premium at DCRB Designated Statistical Reporting Level shall be the accumulated earned premium for that particular policy year resulting from standard rating procedures should include:

1. Assigned Risk rating programs, surcharges, etc.
2. Experience Rating Plan Adjustments
3. Expense Constants (as published by the DCRB and applicable to Residual Market business only) *

*Note: There are no loss constants in effect for Delaware Residual Market business.

4. Delaware Construction Classification Premium Adjustment Program
5. Delaware Workplace Safety Program (policies with effective dates prior to 7/1/99)

but should exclude:

1. Retrospective Rating Plan Adjustments
2. Other Individual Risk Rating Plan Adjustments (e.g., Schedule Rating)
3. Premium Discounts
4. Payment of Policyholder Dividends
5. Premium Credits for Small Deductible Coverage
6. Delaware Workplace Safety Program (policies with effective dates on or after 7/1/99)
7. Merit Rating Plan
8. Terrorism premium as coded under Statistical Classification 9740
9. Catastrophe (Other than Certified Acts of Terrorism) premium as coded under Statistical Classification 9741

2. **Standard Earned Premium at Company Level**

For every policy year where Standard Earned Premium at DSR Level is reported, Standard Earned Premium at Company Level must be reported as well and will be equal to Standard Earned Premium at DCRB level.

3. **Accumulated Net Earned Premium**

You are required to report the accumulated net earned premium on a direct basis for each of the indicated policy years. Specifically, for any given policy year, you are to report the entire net earned premium since policy inception through December 31, 2023, for those policies becoming effective during the policy year being reported. Note that in accumulated data there can be no negative entries.

For each policy year indicated, the accumulated net earned premium shall be the accumulated actual earned premium on all risks prior to the payment of policyholder dividends but after application of the following: retrospective rating plan adjustments, premium discounts, deviations from DCRB rates, schedule rating adjustments, premium credits for small deductible coverage, merit rating premium adjustments and premium credits for the Delaware Workplace Safety Program. Terrorism premiums (Statistical Classification 9740) and Catastrophe (Other than Certified Acts of Terrorism) premiums (Statistical Classification 9741) should be excluded from Call #12.

5. **Carriers Writing in Competitive Rating States**

Not applicable to Assigned Risk Policy Year Call.

6. **Carriers Writing at Deviations from DCRB Rates in Administered Pricing States**

Not applicable to Assigned Risk Policy Year Call.

7. **Premium Components Summary**

The most frequently utilized components of each premium type are illustrated in the following table, and further defined in the bullets below.

Statistical Code	- X means included	DSR (1)	STD (2)	NET (3)
9757	AUDIT NONCOMPLIANCE CHARGE			X
0990	BALANCE TO MINIMUM PREMIUM		X	X
9741	CATASTROPHE CHARGE			
9890	CERTIFIED SAFETY COMMITTEE PREMIUM CREDIT (PA)			X
9046	CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM (PCCPAP)	X	X	X
9880	DE WORKPLACE SAFETY			X
9846	DRUG FREE WORKPLACE (DE)			X
0938	EMPLOYER ASSESSMENT			
9803/9816	EMPLOYERS LIABILITY - INCREASED LIMITS	X	X	X
9848	EMPLOYERS LIABILITY MIN PREMIUM		X	X
0900	EXPENSE CONSTANT		X	X
9898	EXPERIENCE MODIFICATION	X	X	X
9874	MANAGED CARE CREDIT	X	X	X
9884/9886	MERIT RATING			X
9721	PACKAGE CREDIT (DE)			X
0063	PREMIUM DISCOUNT			X
	RETROSPECTIVE RATING PLAN			X
9887/9889	SCHEDULE RATING			X
0931	SHORT RATE PENALTY			X
	SMALL DEDUCTIBLE CREDIT	(gross of)	(gross of)	X
9740	TERRORISM CHARGE			
0930	WAIVER OF SUBROGATION	X	X	X
0982	WORKFARE PROGRAM EMPLOYEES (treat as another classification)	X	X	X

- **Audit Noncompliance Charge**

For policies where the carrier has chosen to apply an audit noncompliance charge because the employer would not allow the carrier to examine and audit its records.

- **Construction Classification Premium Adjustment Program**

A program that responds to wage differentials within the construction industry, providing a program of premium credits to higher-wage.

- **Employers Liability**

If an injured employee is not covered under any workers compensation law, he or she may seek recovery by suing the employer under employers' liability.

- **Expense Constant**

Expense Constant (if any) is determined by individual carriers' rating values. It applies to every policy, and it covers expenses such as those for issuing, recording and auditing, which are common to all workers compensation policies regardless of size.

- **Experience Rating Plan**

Experience rating is a method of rating in which your premium is adjusted up or down to reflect your previous loss experience. It is based on the presumption that your historical loss experience predicts your future loss experience.

- **Merit Rating**

The plan is intended to grant premium discounts or assess premium surcharges to employers, which do not qualify under the uniform Experience Rating Plan.

- **Minimum Premium**

The lowest premium amount for which a single risk can be insured for a policy period. Minimum premiums are not subject to experience modifications or rate deviations.

- **Premium Discount**

For policies with a total standard premium in excess of a specified amount, the premium discount recognizes that the relative expense of issuing and servicing larger premium policies is less than for smaller premium policies.

- **Retrospective rating plan**

A rating plan in which the final premium is based on the insured's actual loss experience during the policy term, subject to a minimum and maximum premium, with the final premium determined by a formula which is guaranteed in the insurance contract.

- **Schedule Rating Plan**

The loss and/or expense components of an insured risk’s premium may, at the option of the underwriting carrier, be adjusted in accordance with provisions of this plan to reflect defined characteristics of the risk which, in the sole judgment of the underwriting carrier, are not adequately reflected in prior experience of the insured risk.

- **Subrogation**

A recovery action in which losses incurred by a carrier due to the injury of an employee are reimbursed either in part or in whole by a third party deemed primarily responsible for the injury.

- **Workplace Safety Program**

These programs provide opportunity for employers meeting specified eligibility criteria to apply for workers compensation premium credits.

8. **Losses Reported in Financial Calls**

Financial Call losses (and premium) for a given policy should be reported only if

the corresponding policy premium was assigned to DE/PA as well. Do not report losses by state of injury or state of benefit. Do not report losses for claims with accident dates outside of the policy period that are required to be paid due to an official ruling, and where there is no corresponding exposure.

You are required to report accumulated total incurred losses (i.e., from date of inception through December 31, 2023). The Call further requires that accumulated total incurred losses be split into the following components: accumulated indemnity losses (separately for Paid, Outstanding Excluding IBNR - Case and Bulk, and IBNR) and accumulated medical losses (separately for Paid, Outstanding Excluding IBNR - Case and Bulk, and IBNR). The reporting of these components of incurred losses is mandatory for all carriers. Please note that for line Z only, under Outstanding Excluding IBNR and IBNR, the calendar year change should be reported rather than the accumulated total.

Additionally, incurred losses are split into indemnity and medical losses. When a claim involves a lump sum, the actual lump sum amount is subdivided according to indemnity and medical.

Indemnity and Medical Losses

Workers' Compensation losses can be either for the replacement of lost wages (indemnity losses) or for the medical care (medical losses). Lost wage (indemnity) benefits can either be for the period during which the worker is recovering from the injury (temporary benefits) or for the loss of earning capacity once maximum recovery has been achieved (permanent benefits).

An **indemnity claim** is one that has either paid or expected indemnity losses. An indemnity claim may also have (and usually does have) medical losses as well as indemnity losses.

A **medical-only claim** is one that, by definition, has medical losses only. The injured worker was not eligible for wage replacement, either because the worker returned directly to work after the injury or was not out of work for more than a three-day waiting period. A medical-only claim never has indemnity losses.

Paid losses should be reduced by any losses recovered (actual, not anticipated) through subrogation, but under no circumstances should the reduction be more than the original paid loss.

The Outstanding Excluding IBNR category is designed to capture case reserves and bulk reserves. For the purposes of this Call, the following working definitions may be used by carriers:

Case Reserves -

are amounts set aside for future expected payments on a specific claim (or case). Case reserves represent the carrier claim adjuster's best estimate of what the future payments on the claim will be. Case reserves can also be offset by anticipated subrogations.

Bulk Reserves -
are also amounts set aside for future expected payments on known claims. In contrast to case reserves, however, the amount is not associated with any specific claim. Even though case reserves are adjusted on an annual basis, some carriers prefer to set aside this bulk reserve for the possible overall variation in actual future loss payments from the amount set aside in the expected case reserves. Most, but not all, companies include bulk reserves with their estimate of IBNR (see below). In any case, the Bureau needs to have the case reserves clearly separated from bulk reserves.

The goal of this reporting is to clearly isolate case reserves without impacting the carrier methodology of reporting IBNR. Carriers should not alter the mix of data which has historically been allocated to IBNR, since doing so would adversely impact the DCRB's development of IBNR data.

For this reason, carriers who have reported bulk reserves in IBNR should continue to do so. Located in the Questions icon of the Reporting Form, these carriers should respond "Yes" to the interrogatory regarding bulk reserves.

Those carriers who report bulk reserves in the Outstanding Excluding IBNR category should respond "No" to the interrogatory regarding bulk reserves located in the Questions icon of the Reporting Form. These carriers should have data reported in both the case reserves and bulk reserves.

Incurred But Not Reported (IBNR) Reserves are amounts set aside for future expected payments on claims that have yet to be reported to the carrier. Carriers know from experience that some claims will not be reported until sometime after a policy has expired. Some injured workers—because they are initially unaware that they have been injured, or perhaps because they are seeking legal advice—delay the submission of an injury claim.

9. **Claim Count Information**

Claim count information reported on Financial Calls is necessary for the Bureaus to determine the frequency, severity, and claim count development, which may be used in trend factor analyses. These analyses uncover changing patterns that are not apparent in loss ratio trends. Timely information on emerging trends is critical for developing accurate loss costs, as well as for providing key information for reform legislation.

Financial data claim counts include only indemnity claims, i.e., claims that Require payment for lost wages due to injury. Unlike the Financial Call incurred losses, which include indemnity and medical, Financial Call claim counts do not include medical-only claims (claims that have medical benefits only). Reporting of claim counts (other than as noted above) should be consistent with the reporting of incurred losses, e.g., both should be on a direct basis.

a. Incurred Indemnity Claim Count

The incurred indemnity claim count (i.e., the accumulated number of claims for which an indemnity payment has been made and/or and outstanding reserve exists) must be reported on a mandatory basis for Policy Years 1994 and later.

The incurred indemnity claim should exclude claims that start out with an indemnity reserve but were resolved as medical only claims or closed without payment. If a claim which has been originally thought to include indemnity losses turns out to be a medical only claim, the incurred indemnity claim count should be reduced at the time of discovery.

The incurred indemnity claim count should include claims that start out as medical only but were resolved as indemnity at future valuations. If a medical only claim develops indemnity, then the indemnity claim count should be increased at the time the indemnity developed.

If indemnity claims are reopened, they should not be added to the incurred indemnity claim count.

b. Closed (Paid) Indemnity Claim Count

This count includes those claims which are paid in full with no existing indemnity reserves. Claims that are reopened for which a case reserve exists at the valuation date should be removed from this category.

Report the accumulated number of paid and closed indemnity claims. Claims included in this count should contain indemnity or a combination of indemnity and medical.

1. Include claims that start out as medical only claims but were resolved as indemnity at future valuations.

2. Exclude indemnity claims that are resolved as medical only claims and claims closed without payment.

c. Open (Outstanding) Indemnity Claim Count

This includes those indemnity claims for which outstanding indemnity case reserves exist regardless of whether or not any payments have been made on those claims.

Report the total number of open indemnity claims which have outstanding reserves at year end. Claims with both indemnity payments and outstanding indemnity are also counted in this column.

If a claim previously closed with indemnity payments reopened in the year and remains open at the valuation date, then the open indemnity claim count should be increased.

Separate reporting of open and closed claims is required for Policy Years 1993 and subsequent.

d. Paid Losses on Closed Claims

Report the accumulated losses paid on claims included in the Closed (Paid) Claim Count.

If a claim previously closed with payment is reopened in the year and remains open at valuation date, then the losses paid on the claim should be excluded from the Paid Losses on Closed Claims.

In addition, losses paid on closed medical only claims should be included in the medical losses.

All of the information reported relating to indemnity claim counts should be reported consistently with incurred losses; i.e., on a direct basis excluding "F" classifications, underground coal mines, excess policies, National Defense Projects and large deductibles.

10. **Allocated Loss Adjustment Expense**

Starting in 1995 (data valued as of December 31, 1994), the reporting of Allocated Loss Adjustment Expenses is mandatory for Policy Years 1994 and subsequent. Starting with Policy Year 1994, the reporting of Paid, Case and Bulk + IBNR (columns (23) through (26)) is mandatory.

Note that the Allocated Loss Adjustment Expenses reported should be consistent with the incurred losses; i.e., reported on a direct basis excluding "F" classifications, coal mines, excess policies, National Defense Projects and large deductibles.

Allocated Loss Adjustment Expense Definition

Effective January 1, 1998, the NAIC developed a new definition for Allocated Loss Adjustment Expense. For the reporting of Policy Years 1998 and subsequent, the new NAIC definition should be used.

For Policy Years 1994 through 1997, allocated loss adjustment expense should be reported according to the definition approved in filing No. 94-01. DCRB Circular 678 announced the approval of Delaware reference filing No. 94-01 which included Attachment (14) [Filing Item U-1292], establishing a definition of allocated loss adjustment expense.
For Policy Years 1993 and prior, allocated loss adjustment expense should be reported according to the old definition of allocated loss adjustment expense.

11. **No Experience**

State reports should not be submitted for any state in which the carrier(s) has (have) never had experience. In this case, Acknowledgment Forms should be completed and submitted through the FDRA on or before the required due date so the DCRB can positively confirm the status of those carriers who will not be submitting data for this Call. In instances where the carrier(s) failed to have

experience in one or more, but not all, of the Prior to 1994 – 2023 Policy Years in a given state, enter zeroes across the appropriate Policy Year line(s) for that state.

12. **Complete Submission**

A complete Call submission per state consists of entering data in Section #1, answering questions located in the Questions icon of the form and submitting the Call through FDM.

13. **Questionnaire**

Questions relating to reserving and discounting issues must be reviewed and answers provided. The questions are available in the Questions icon of the Call.

14. **Rounding Procedure and Reporting of Credits**

Please report amounts of premiums and losses in WHOLE DOLLARS ONLY. FDM will not allow cents to be entered onto the form. If the values are not entered as whole dollars, the application will return an error message and will not allow the importing of the template. Negative amounts must have a negative sign in front of the number being entered.

B. SPECIFIC INSTRUCTIONS:

1. **"F" Classifications**

Experience of the "F" Classifications for policies effective January 1, 1974, and thereafter MUST BE EXCLUDED.

2. **Coal Mine Experience**

Underground Coal Mine experience MUST BE EXCLUDED.

3. **Excess Policies**

Experience on excess policies MUST BE EXCLUDED.

4. **National Defense Projects**

Experience on National Defense Projects written under either the old Comprehensive Rating Plan or the new National Defense Rating Plan MUST BE EXCLUDED. Experience incurred on a Defense Base should be included unless written under the National Defense Projects Rating Plan.

5. **Terrorism**

All premiums collected in connection with Terrorism (Statistical Classification 9740) MUST BE EXCLUDED. Qualifying losses should be included.

6. **Catastrophe (Other than Certified Acts of Terrorism)**

All premiums collected in connection with the Catastrophe (Other than Certified Acts of Terrorism) (Statistical Classification 9741) MUST BE EXCLUDED. Qualifying losses should be included.

7. **Reinsurance**

No deductions shall be made from premium and losses for or on account of reinsurance ceded. Premiums and losses arising from reinsurance received by the reporting company shall be excluded from the experience. Experience reported should be DIRECT BUSINESS ONLY.

8. **Direct Assignments**

All assigned risk experience written by direct assignment carriers should be INCLUDED.

9. **Experience Incurred Under Occupational Disease Act**

Experience incurred under any Occupational Disease Act, which is separate and distinct from the Compensation Act for the state shall be excluded from this report.

10. **IBNR**

Losses reported by state should include an appropriate reserve for incurred but not reported cases. The IBNR reserve must be reported separately for indemnity and medical.

This reporting clearly isolates case reserves without impacting the carrier methodology of reporting IBNR. Carriers should not alter the mix of data which has historically been allocated to IBNR, since doing so would adversely impact the DCRB development of IBNR data.

11. **Reopened Cases**

Include an appropriate loss reserve for reopened cases in the IBNR reserve.

12. **Reserves for Specific Contingencies**

Include medical and other loss reserves to meet specific contingencies in the IBNR reserve.

13. **Other Voluntary Reserves**

Exclude voluntary reserves other than those mentioned above.

14. **Earned But Unbilled Premium (EBUB)**

Earned But Unbilled (EBUB) premium should be included in this call only if the adjustment can be allocated to the proper policy year. If the adjustment cannot be allocated, then the EBUB premium should be excluded and noted as a reconciliation Reason for Difference if this causes a validation to fire on the Policy Year Call #1.

15. **Payments to Paid Furloughed Employees**

Any experience and premium effects associated with payments allocated to paid furloughed employees as coded under statistical code 1212 must be excluded from all Calls and valuations.

Please note that the due date for reporting this data is on or before March 15, 2024. It is urged that every effort be made to comply with this reporting date, as a delay in receiving this data will seriously hamper the DCRB in its preparation of filings.