

STATE ACTIVITY REPORT



2017

Delaware Compensation Rating Bureau, Inc.

Workers Compensation State Activity Report for Delaware

The Delaware Compensation Rating Bureau (DCRB) is proud to publish its second annual **State Activity Report** which provides a high level review of workers compensation information underlying the Delaware 1, 2017 Rate/Loss Cost Filing and other data analyses initiated in 2017.

This book follows the same format as last year to allow for annual comparisons. The **State Activity Report** is intended to be one of several resources available to stakeholders, including regulators, to provide annual assessments and insights into the activities occurring in the Pennsylvania workers compensation system

For further insights on the Delaware workers compensation marketplace and the DCRB, please visit our website at www.dcrb.com, to check out the reports recently published on the year in review.



The Year in Review - 2017

NEWS

- Anniversary Rating Date Eliminated
- State Medical Activity Reports Published
- Carrier Medical Data Analytics Reports Published
- WC Data Pro Benchmarking Product Released
- Code 888 Homeowners Association Established

FILINGS & RESULTS

- -3.00% Annual Loss Cost Filing Approval
- -3.66% "F" Class Rate Filing
- \$206 Million Standard Earned Premium
- 115.1% Combined Ratio

DATA COLLECTION

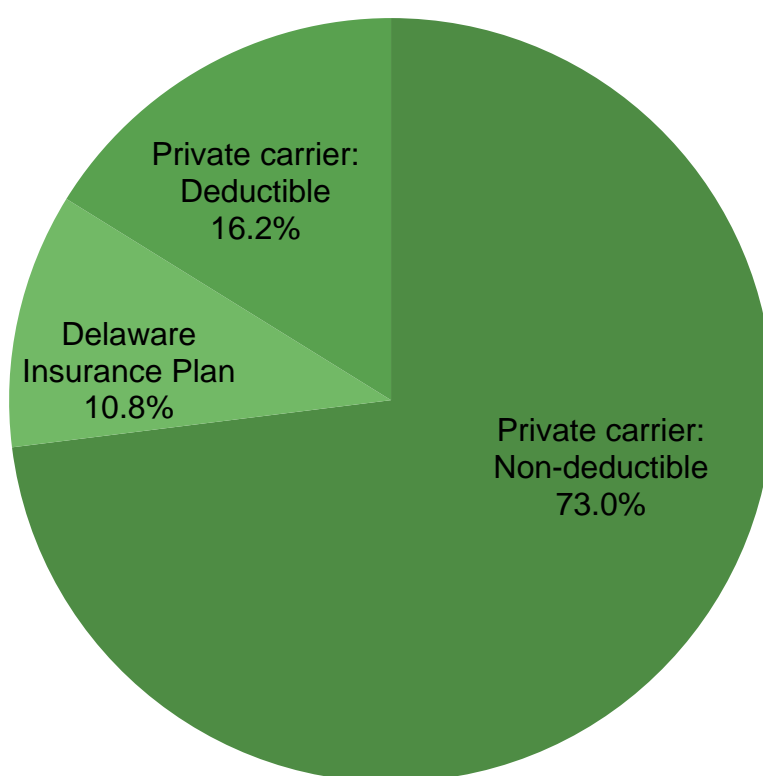
- 125,311 Policy Documents
- 29,013 USRs
- 457,785 Medical Data Call Records
- 533 Financial Calls

OPERATIONAL

- 314 Classification Inquiries
- 359 DCCPAP Credits
- 1,630 Workplace Safety Credits
- 619 Delaware Insurance Plan Applications
- 15 DCRB Circulars Published on various WC Topics
- System Reengineering Project Continues

Delaware Market Share

Delaware employers are required to secure their liability through private insurance, the Delaware Workers Compensation Insurance Plan (DIP), self-insurance, or self-insured groups. The DIP (“assigned risk” or “residual market”) ensures that all employers have a means of meeting their statutory obligation under the workers compensation law. The DCRB collects data from all private insurance carriers that write workers compensation business in Delaware.

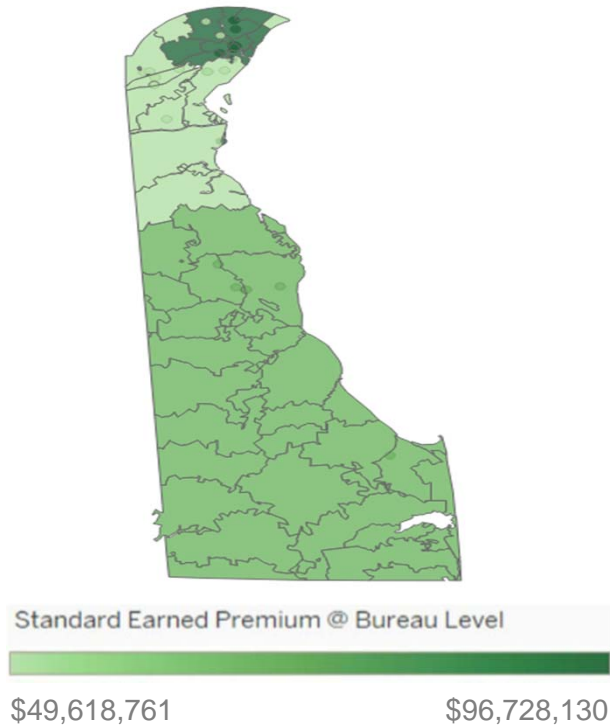


% of Premium

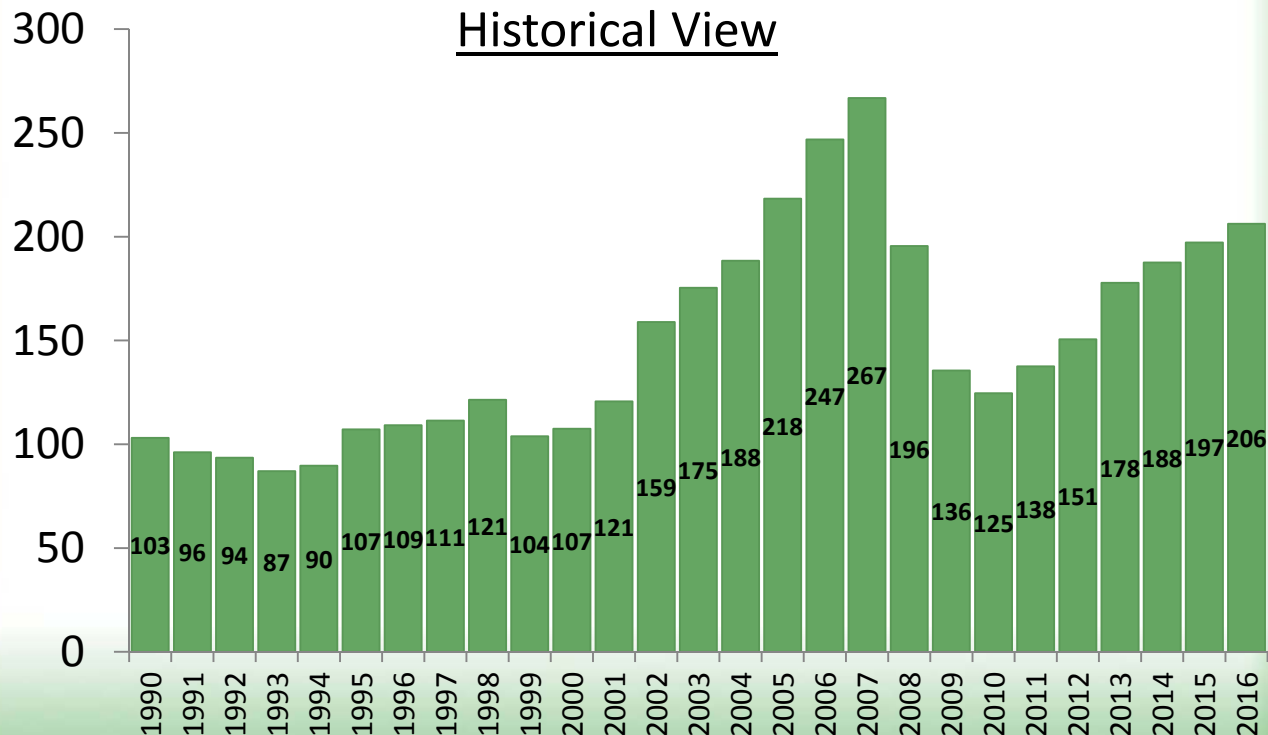
Employers that choose to apply for self-insured status or join a certified group self-insurance fund are not required to report any data to the DCRB. Therefore, that data is not included in this exhibit.

Workers Compensation Premium





















Geographical View



Historical View



Premium Demographics

Premium Range	# Risks		Std Prem (\$000)	
0-2,499		12,770		\$9,123
2,500-4,999		2,392		\$8,584
5,000-7,499		1,184		\$7,259
7,500-9,999		731		\$6,389
10,000-14,999		785		\$9,655
15,000-24,999		734		\$14,325
25,000-49,999		676		\$24,650
50,000-99,999		401		\$30,159
100,000-249,999		274		\$42,897
250,000+		146		\$93,354

Premium & Payroll by Classification

Top 10 Classes by Premium (\$)

OFFICE 13,621,051	RETAIL STORE, N.O.C. 12,283,977	NURSING AND CONVALESCENT HOME 10,824,844	POULTRY, FISH DEALERS/PROCESSORS 9,519,484
	GROCERY STORE 8,837,750	TRUCKING N.O.C. 8,182,313	HEATING OR VENTILATING 7,504,087
	PHYSICIAN OR DENTIST 8,685,910	AUTOMOBILE DEALER 7,570,911	COMMERCIAL BUILDINGS 7,313,645

Top 10 Classes by Payroll (\$)

OFFICE 4,696,914	BANK 1,012,126	SALESPERSON - OUTSIDE 878,777	PHYSICIAN OR DENTIST 868,591
	ENGINEERING CONSULTING FIRM 510,777	INSURANCE COMPANY 400,907	COLLEGE OR SCHOOL, N.O.C. 272,901
	LAW FIRM 401,899	HOSPITALS 371,380	RETAIL STORE, N.O.C. 268,796

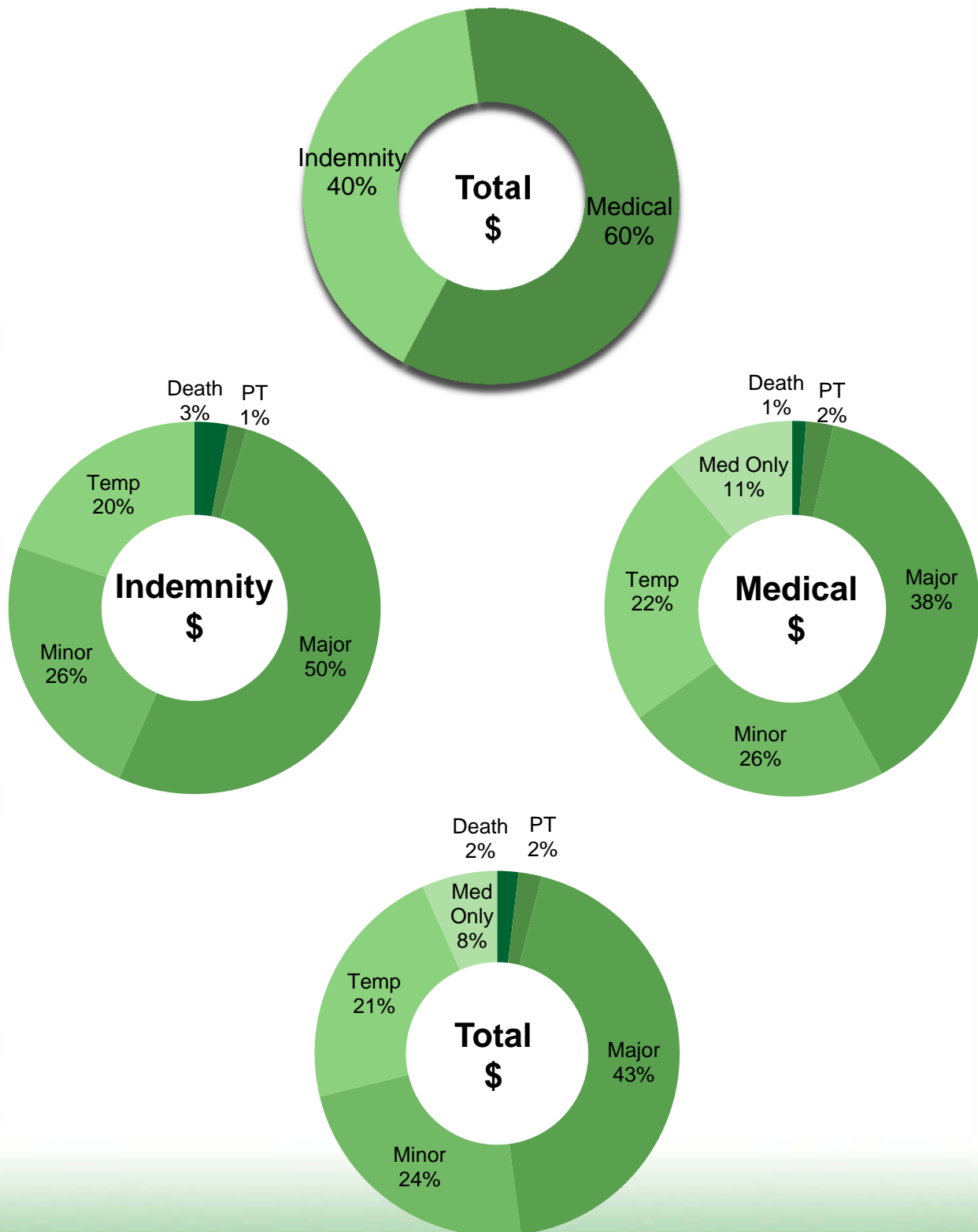
The top 10 classes by premium represent 45% of all premium and 26% of all payroll. The top 10 classes by payroll represent 63% of payroll and 16% of premium. Office, Physician or Dentist and Automobile Dealer are the only classes included in both categories.

Claim Count & Losses by Classification

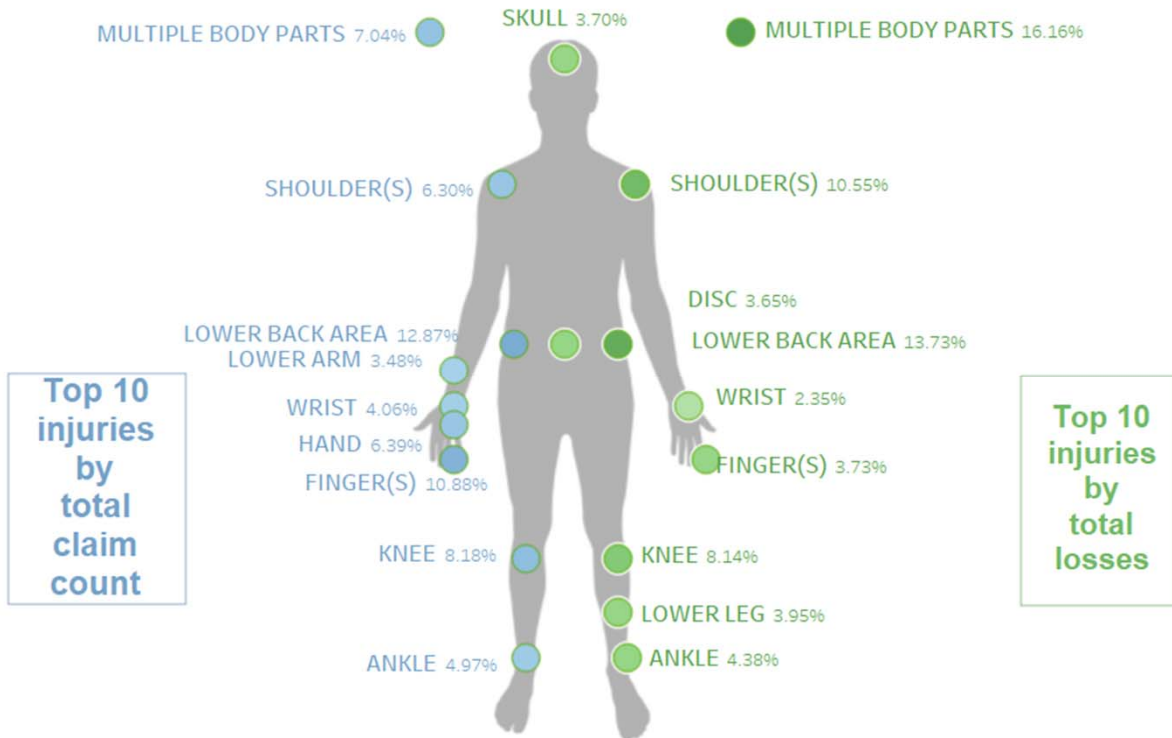
These are the top 10 classes by number of lost time claims. They represent 26% of claims and 32% of losses. The average loss varies from \$24,588 for Social Rehabilitation Facility to \$47,787 for Retail Store, N.O.C. Seven of these classes also are in top the 10 classes by dollars of loss.

	# Claims	\$ Loss	Average \$ Loss
OFFICE	93	3,648,022	39,226
RETAIL STORE, N.O.C.	85	4,061,873	47,787
PHYSICIAN OR DENTIST	71	2,478,601	34,910
SOCIAL REHABILITATION FACILITY	67	1,647,405	24,588
RESTAURANT, N.O.C.	64	2,254,678	35,229
GROCERY STORE	64	1,921,369	30,021
WHOLESALE STORE, N.O.C.	55	2,226,094	40,474
AUTOMOBILE DEALER	54	1,881,538	34,843
POULTRY, FISH DEALERS/PROCESSORS	54	1,862,231	34,486
TRUCKING N.O.C.	52	2,400,537	46,164
ALL OTHER	1,429	67,667,667	47,353

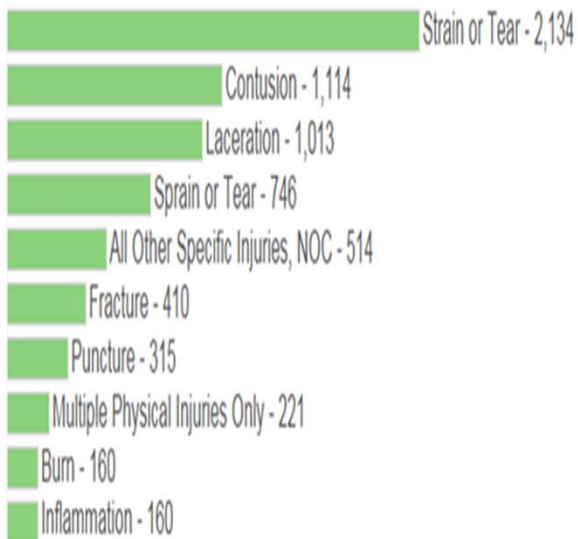
Indemnity and Medical Splits



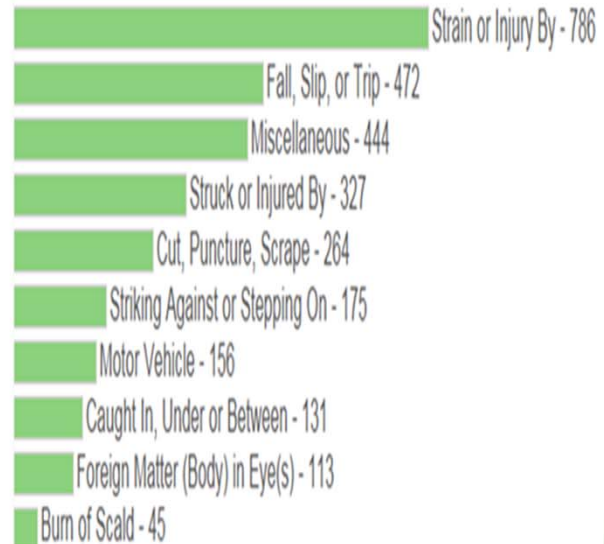
Injury Description Distribution



Nature of Injury

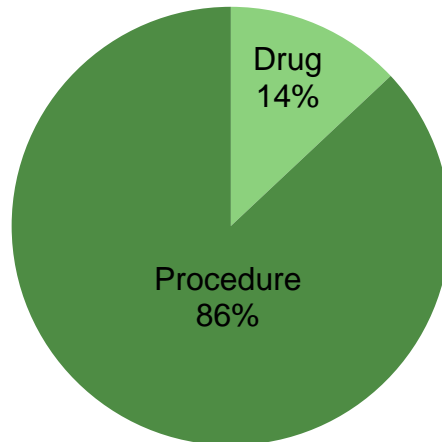


Cause of Injury

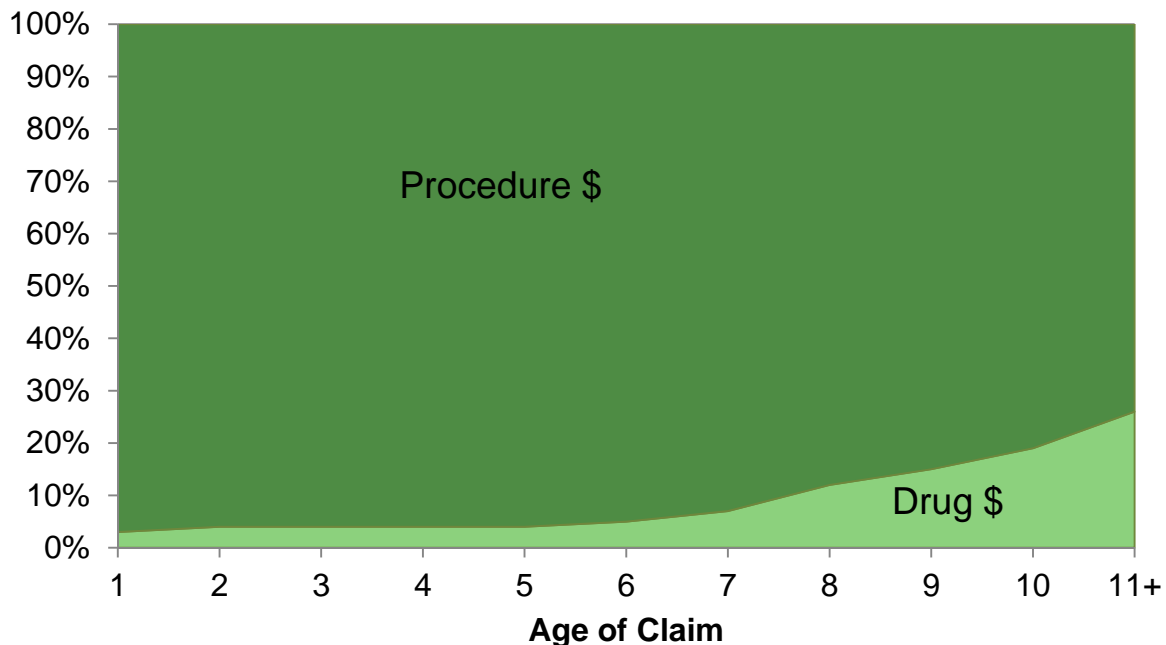


Medical Cost Breakdown

Medical treatment is a primary driver of rising medical costs. Using our Medical Data Call (MDC) data, we observe that, overall, the bulk of medical dollars are attributable to medical procedures. Note that medical expenses are not included in the MDC.



As the claim ages, prescription drug costs increase more rapidly as a share of medical costs.

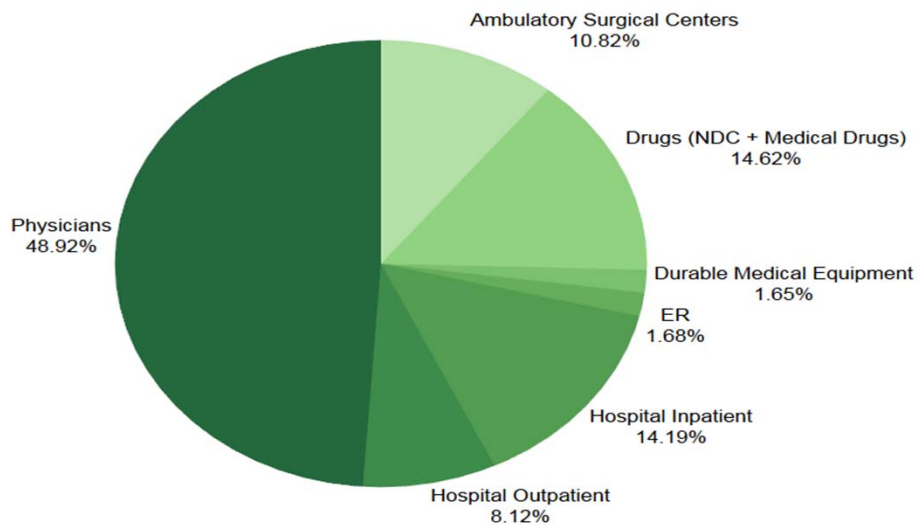


As an enhancement in the 2016 report, we identified "Drugs" as any record where the Paid Procedure Code was an NDC code; or Pharmacy Revenue code (REV: 0250-0259, 0630-0637); or HCPCS codes for Drugs Other Than Chemotherapy (HCPCS: J0100-J8999) and Chemotherapy Drugs (HCPCS: J9000-J9999.) The reader should be aware of definition changes when directly comparing the 2015 and 2016 reports.

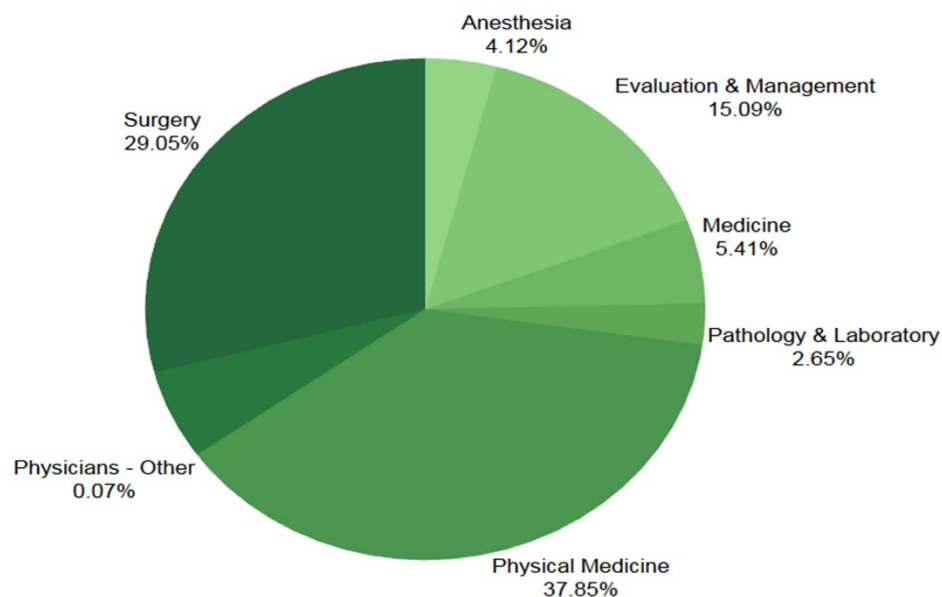
Source: DE Medical Data Call Service Year 2016

Medical Services Breakdown

Payments to Physicians make up almost half of the dollars paid across all **Medical Service Group** categories.

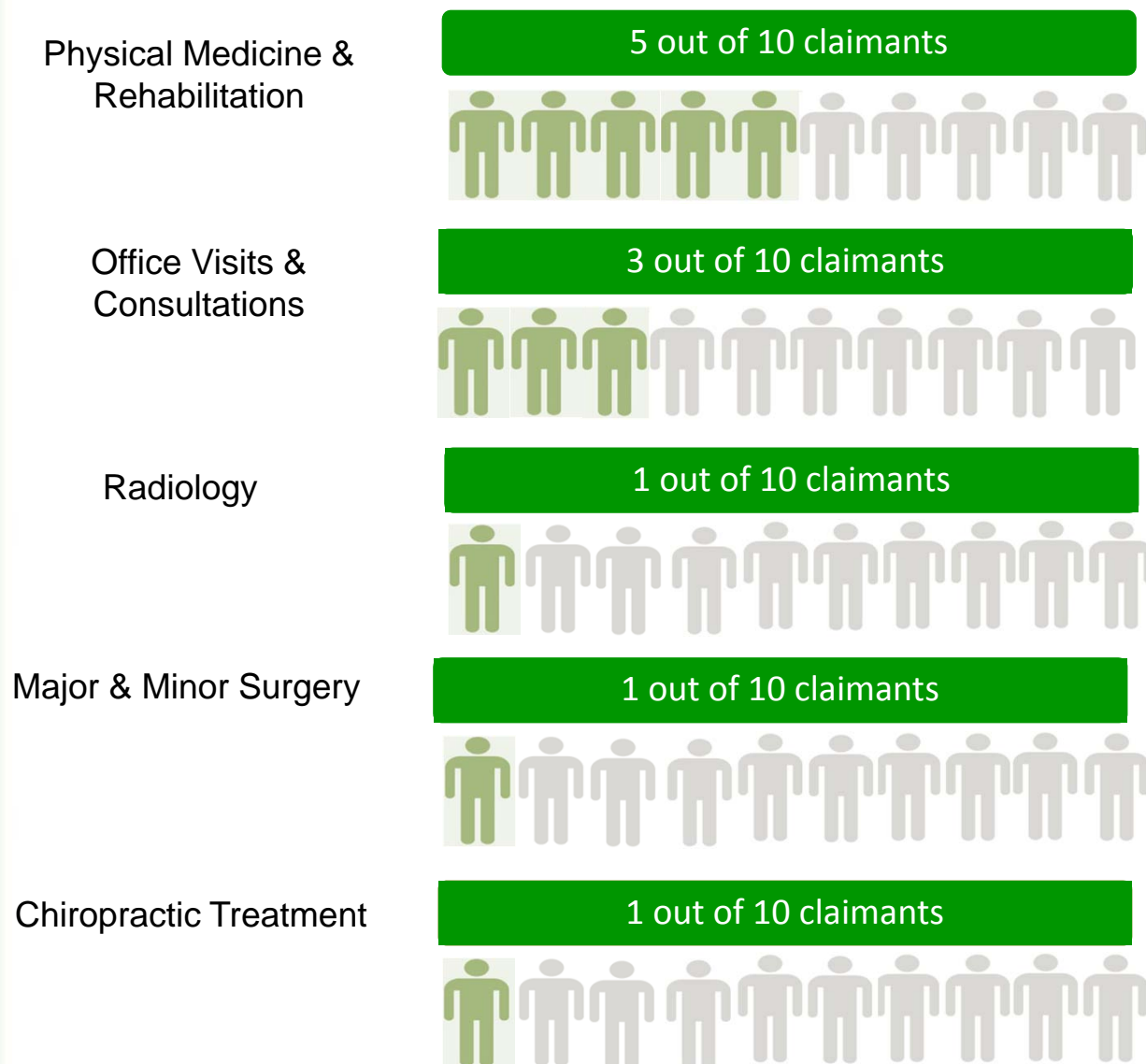


Physical Medicine represents 37.85% of all professional **Medical Procedures**, followed by Surgical procedures based on paid dollars.



Medical Visits Per Claim

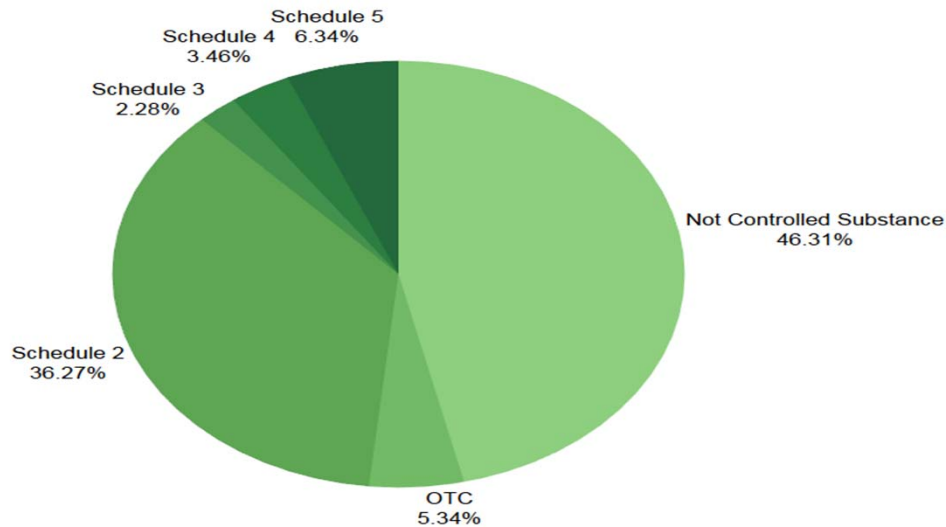
When examining the numbers of actual visits to a health care provider, workers compensation claimants appear to visit physical medicine and rehabilitation providers more frequently than any other health care provider.



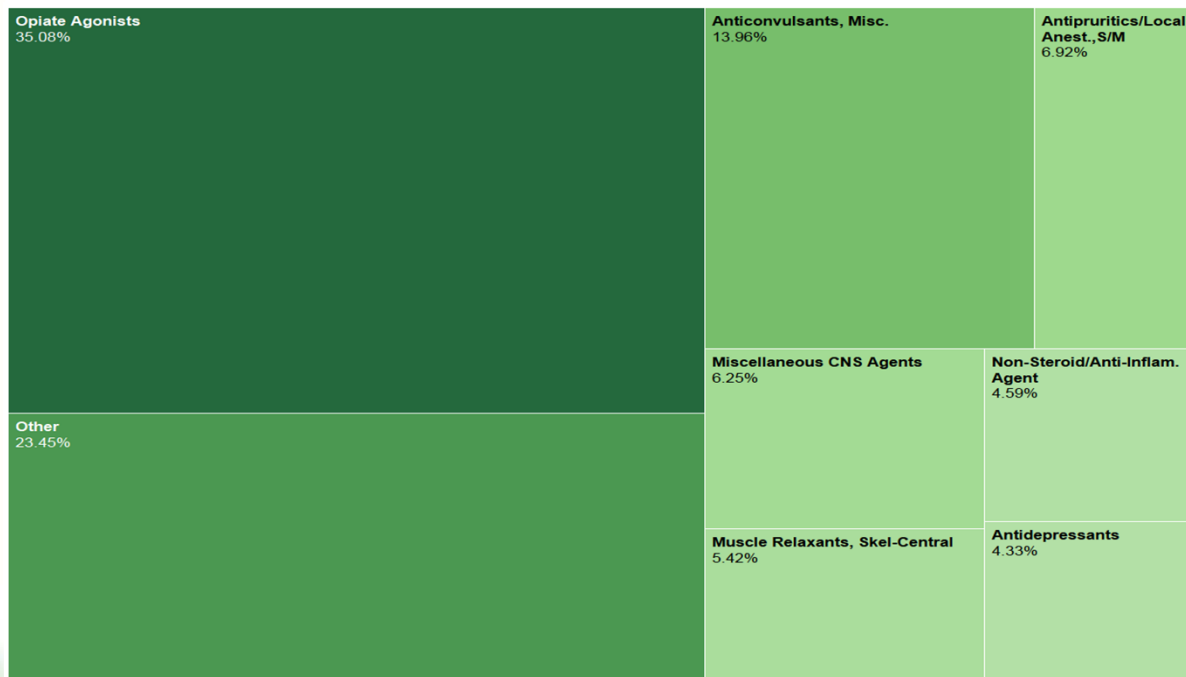
Based on over 112,000 professional visits and over 8,700 claims.

Prescription Drugs

The volume of drugs prescribed to workers compensation claimants continues to grow. Below is a distribution of these prescription drugs organized by the **Controlled Substance Act Schedule**, which is based on risk of abuse.



Opioids are the most prevalently prescribed drug to workers compensation claimants. Below is a distribution organized by **Therapeutic Classification Category**.



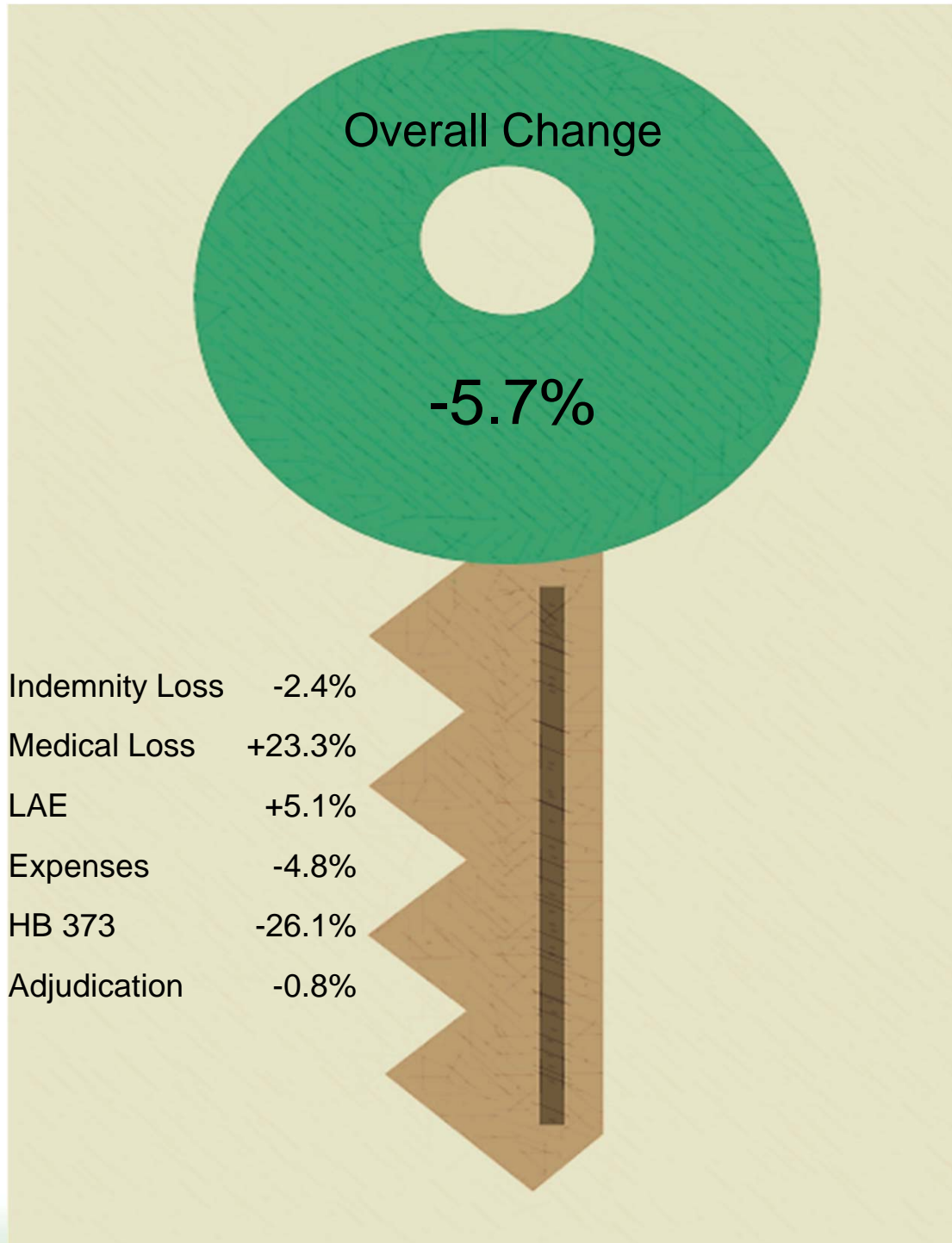
Prescribing Patterns

Top 30 Drugs for Service Year 2015

The top drugs based on total amount paid, along with their ranks for earlier service years. These drugs account for more than 71% of total drug costs.

Paid Share			Rank By Service Year				
Service Year	Drug Name	Brand/Generic Status	2016	2015	2014	2013	2012
10.2%	Oxycontin	Brand	1	1	1	1	1
8.3%	Gabapentin	Generic for Neurontin	2	2	2	5	6
6.1%	Lyrica	Brand	3	5	5	4	4
5.8%	Oxycodone HCL	Generic for Oxycontin if extended release	4	3	3	7	3
4.6%	Oxycodone HCL-Acetaminophen	Generic for Percocet	5	4	4	8	7
3.5%	Percocet	Brand	6	6	6	6	8
3.0%	Terocin	Brand	7	7	10	53	n/a
3.0%	Lidocaine	Generic for Xylocaine	8	8	8	35	230
2.3%	Duloxetine HCL	Generic for Cymbalta	9	9	7	115	n/a
2.0%	Cyclobenzaprine HCL	Generic for Flexeril	10	10	14	17	18
2.0%	Morphine sulfate	Generic for Avinza, Kadian, Ms Contin	11	11	9	16	11
1.6%	Hydromorphone HCL	Generic for Dilaudid, Dilaudid-5, Exalgo	12	12	21	37	30
1.5%	Tizanidine HCL	Generic for Zanaflex	13	15	16	15	16
1.4%	Flurbiprofen	Generic for Ansaid	14	13	32	77	n/a
1.3%	Duragesic	Brand for Fentanyl	15	17	12	18	24
1.3%	Nucynta	Brand	16	20	27	29	33
1.1%	Lidopro Patch	Brand	17	80	n/a	n/a	n/a
1.1%	Meloxicam	Generic for Mobic, Vivlodex	18	19	15	14	20
1.1%	Celecoxib	Generic for Celebrex	19	18	115	n/a	n/a
1.1%	Ketamine HCL	Generic for Ketalar	20	14	22	32	82
1.0%	Flector	Brand	21	16	23	9	13
1.0%	Baclofen	Generic for Lioresal, Gablofen	22	25	35	65	67
0.9%	Relistor	Brand	23	33	122	n/a	n/a
0.9%	Topiramate	Generic for Topamax	24	23	24	24	29
0.9%	Ondansetron	Generic for Zofran	25	83	103	64	64
0.9%	Zofran	Brand	26	26	26	28	45
0.9%	Oxymorphone HCL	Generic for Opana, Opana ER	27	29	33	42	55
0.8%	Metaxalone	Generic for Skelaxin	28	21	25	23	27
0.8%	Opana ER	Brand	29	22	19	12	9
0.8%	Tramadol HCL	Generic for Conzip, Ultram	30	28	18	20	25

Key Components of 2017 Indication

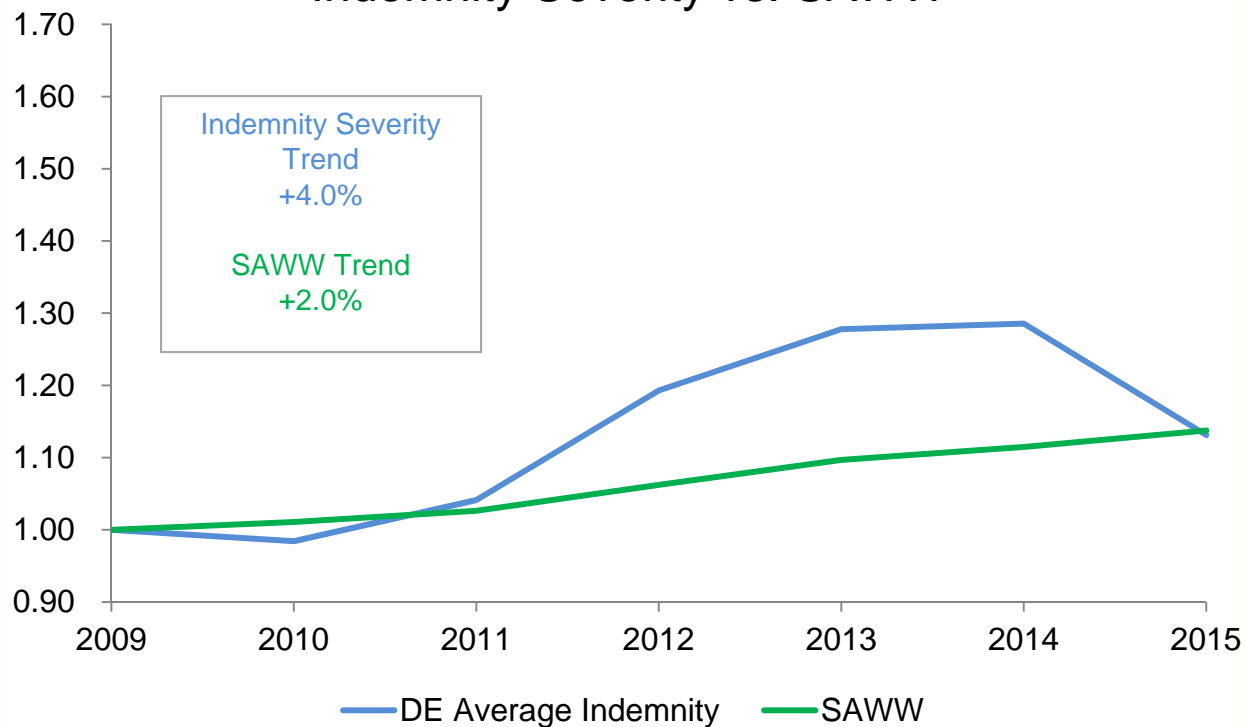


History of Approved Rate Changes

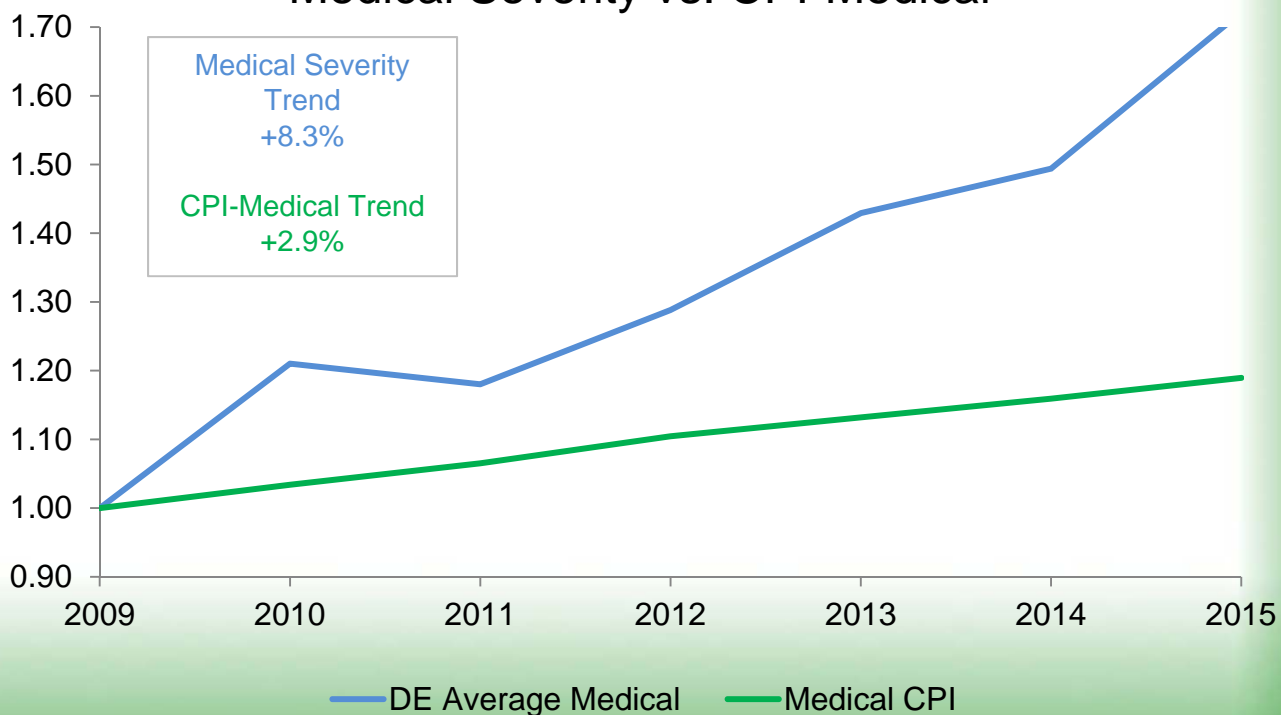
Effective Date	Percent Change from Previous Rates	Cumulative Index from February 1, 1988 Rate Level
February 1, 1988	-----	100.00
August 1, 1994	18.00	118.00
August 1, 1997	11.79	131.91
October 1, 1998	-15.00	112.12
December 1, 1999	0.50	112.68
March 1, 2001	-11.15	100.12
December 1, 2001	28.50	128.65
December 1, 2002	6.67	137.23
December 1, 2003	-7.09	127.50
December 1, 2004	13.53	144.75
December 1, 2005	8.10	156.47
December 1, 2006	2.57	160.49
December 1, 2007	-22.00	125.18
October 1, 2008	-11.57	110.70
December 1, 2008	-9.74	99.92
December 1, 2009	-8.49	91.44
December 1, 2010	-3.75	88.01
December 1, 2011	16.50	102.53
December 1, 2012	19.00	122.01
December 1, 2013	11.40	135.92
December 1, 2014	-9.70	122.74
December 1, 2015	7.09	131.44
December 1, 2016	0.00	131.44
December 1, 2017	-5.73	123.91

Trends in Average Costs

Indemnity Severity vs. SAWW

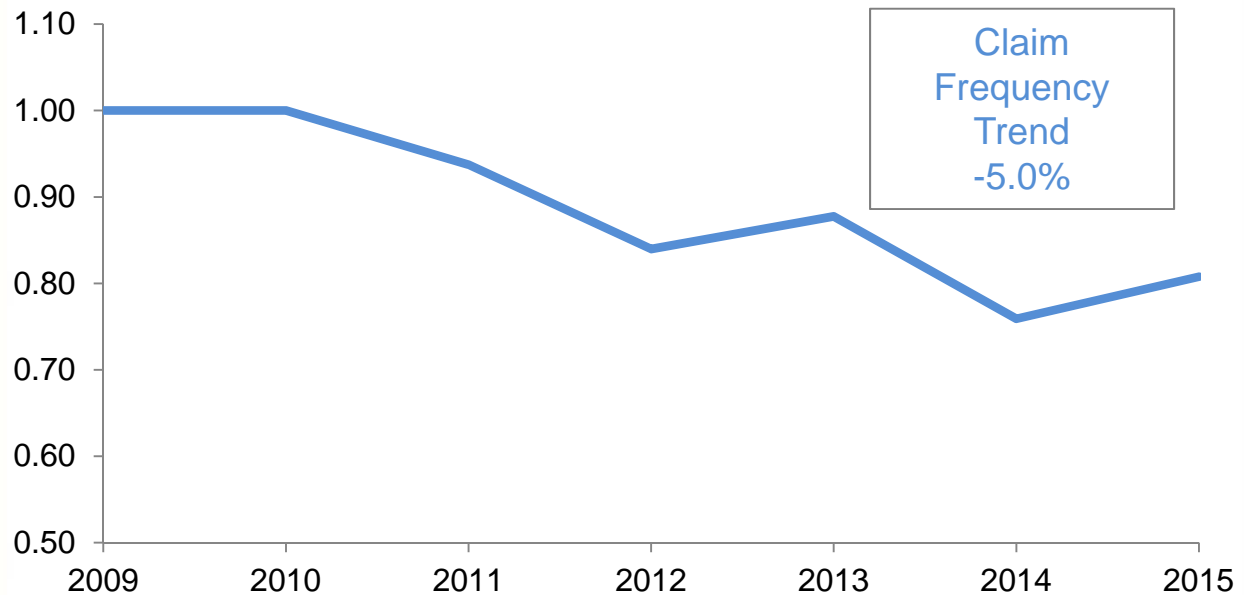


Medical Severity vs. CPI-Medical

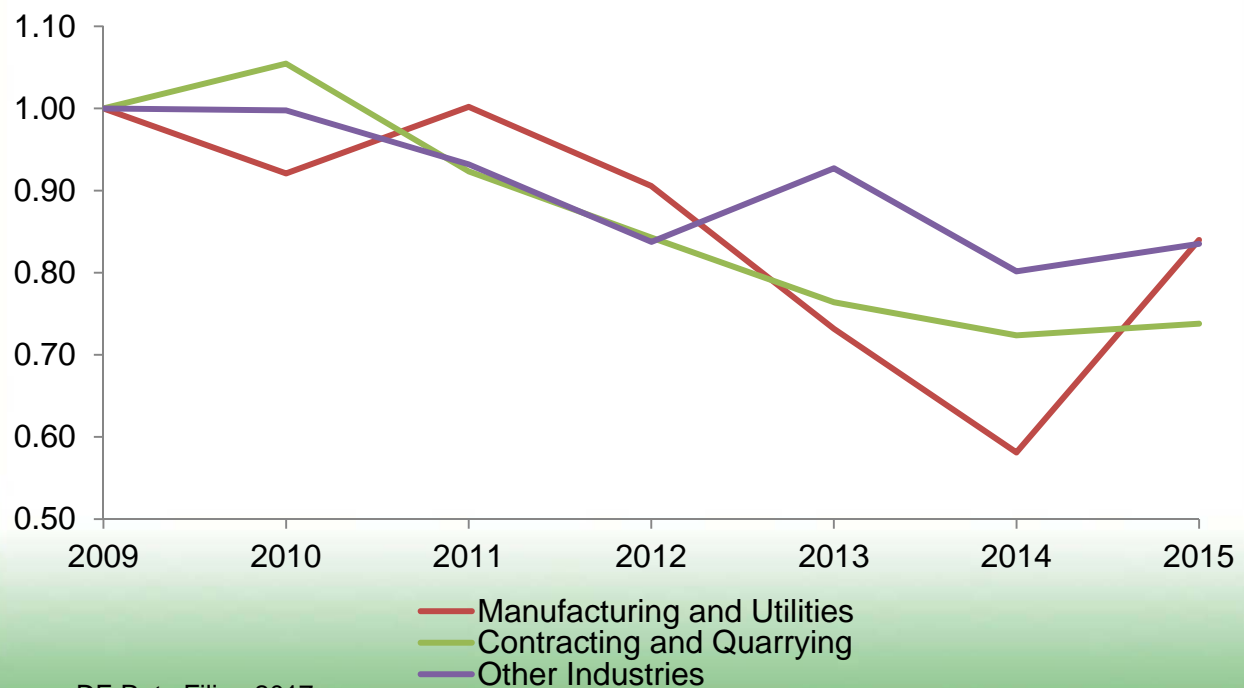


Claim Frequency Trend

**Claim Counts Per \$1 million
Expected Losses**



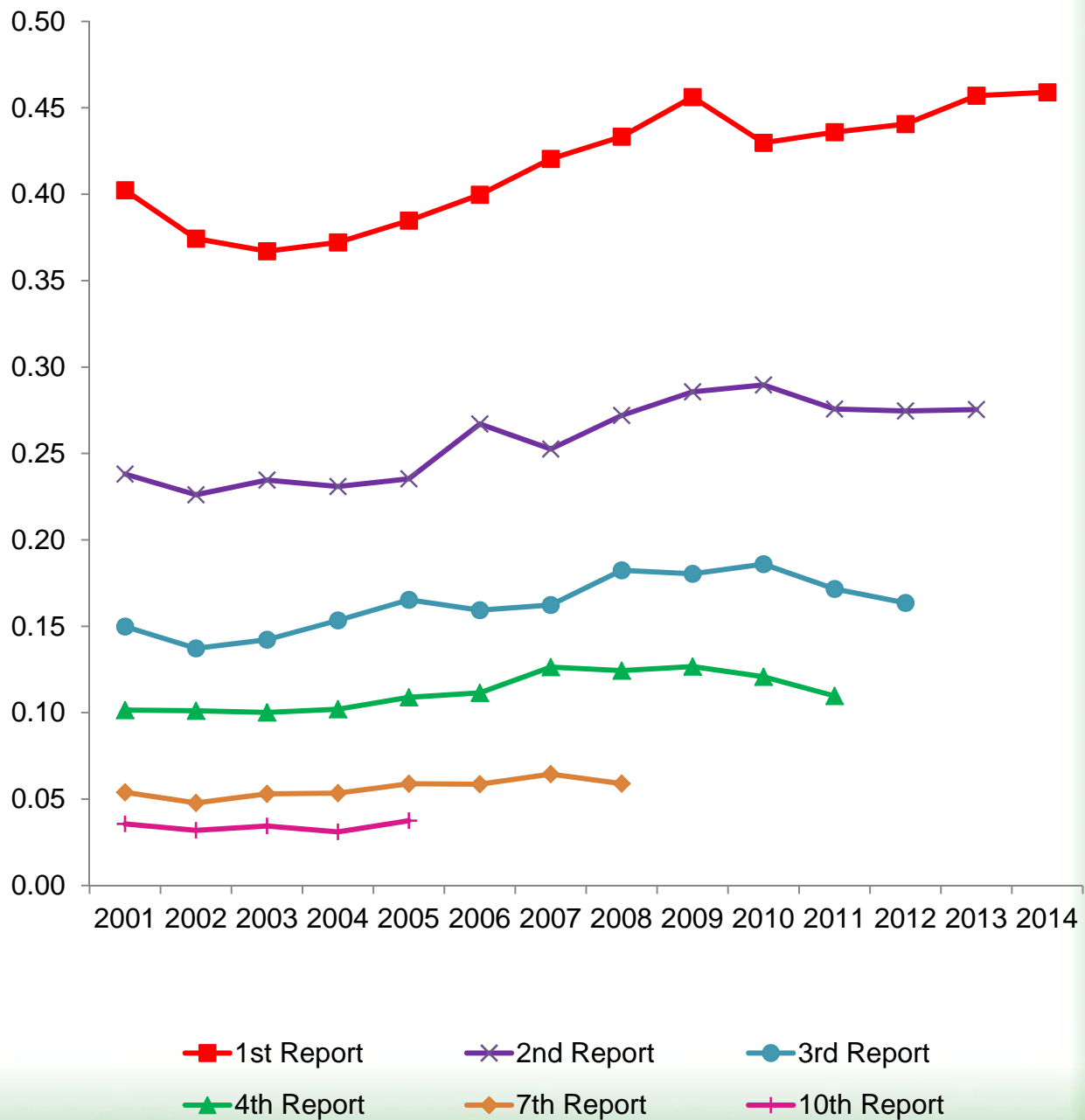
**Claim Frequencies
Industry Groups**



Claim Closure Rates

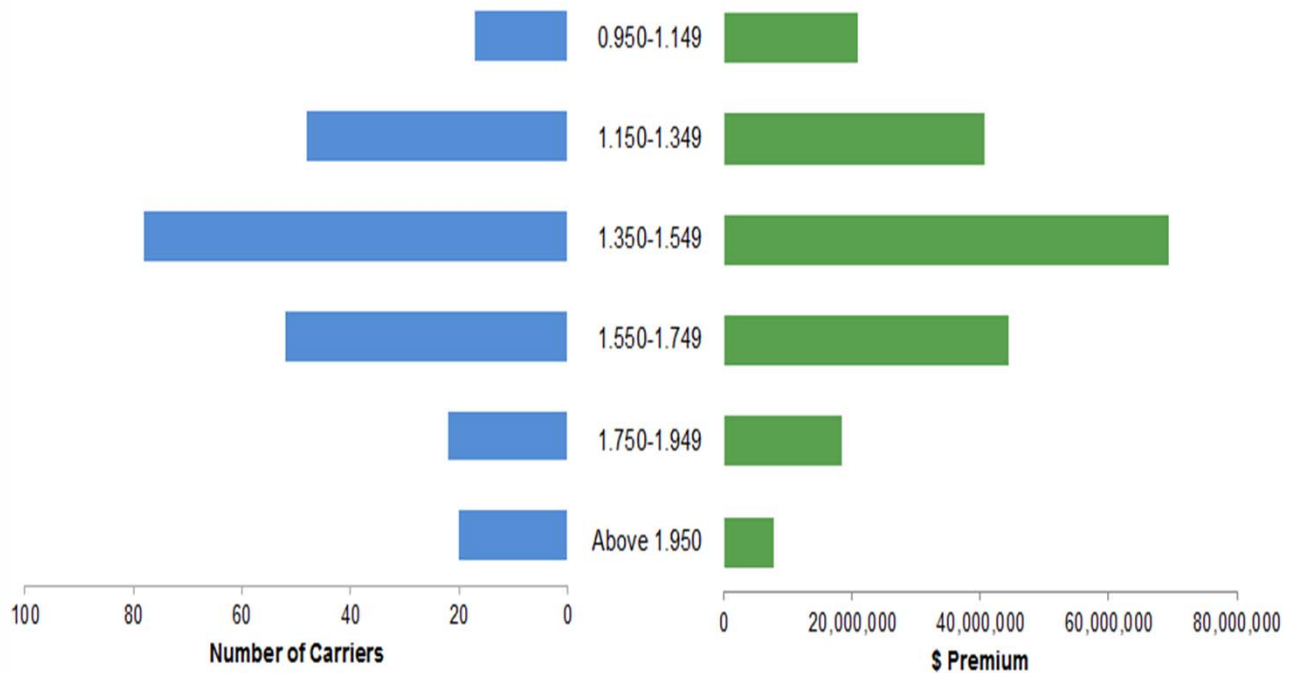
The length of time that claims stay open has grown since 2000.

Claim Settlement Rates
Ratio of Open to Reported Indemnity Claims

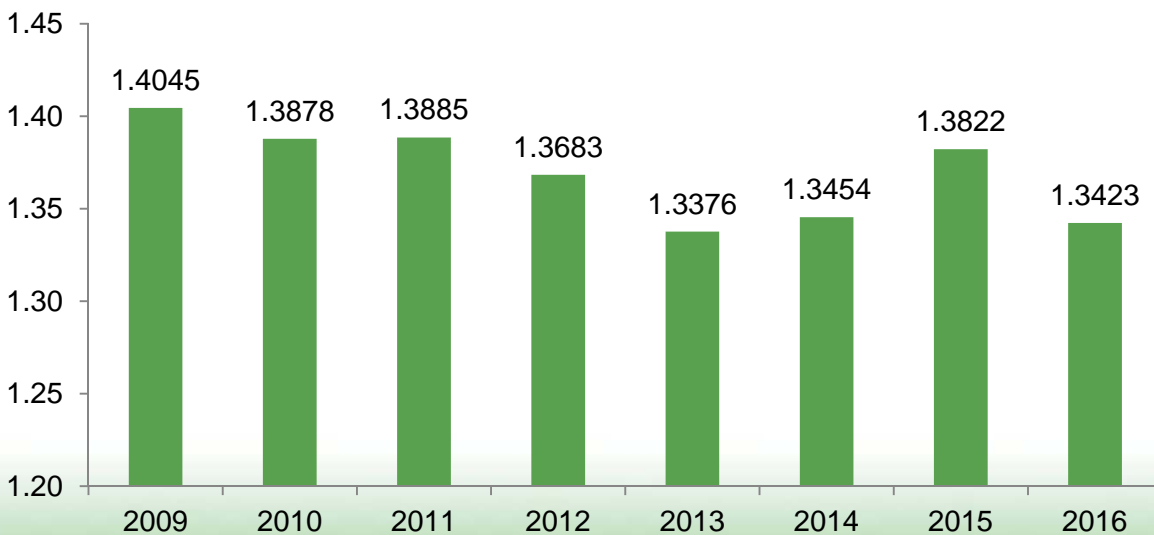


Insurance Carrier Pricing

Loss Cost Multiplier Ranges

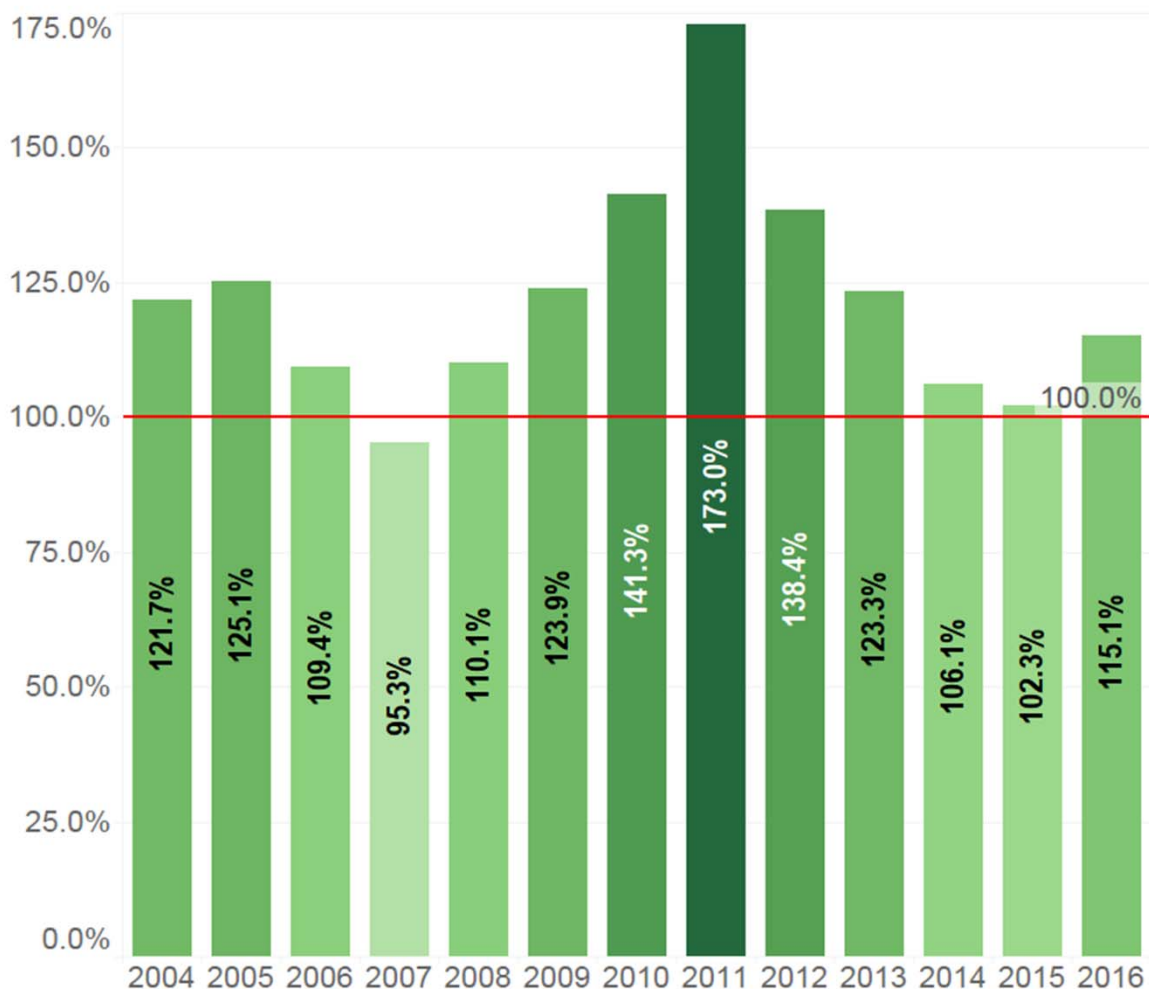


Implied Average Loss Cost Multiplier



Market Profitability Measure

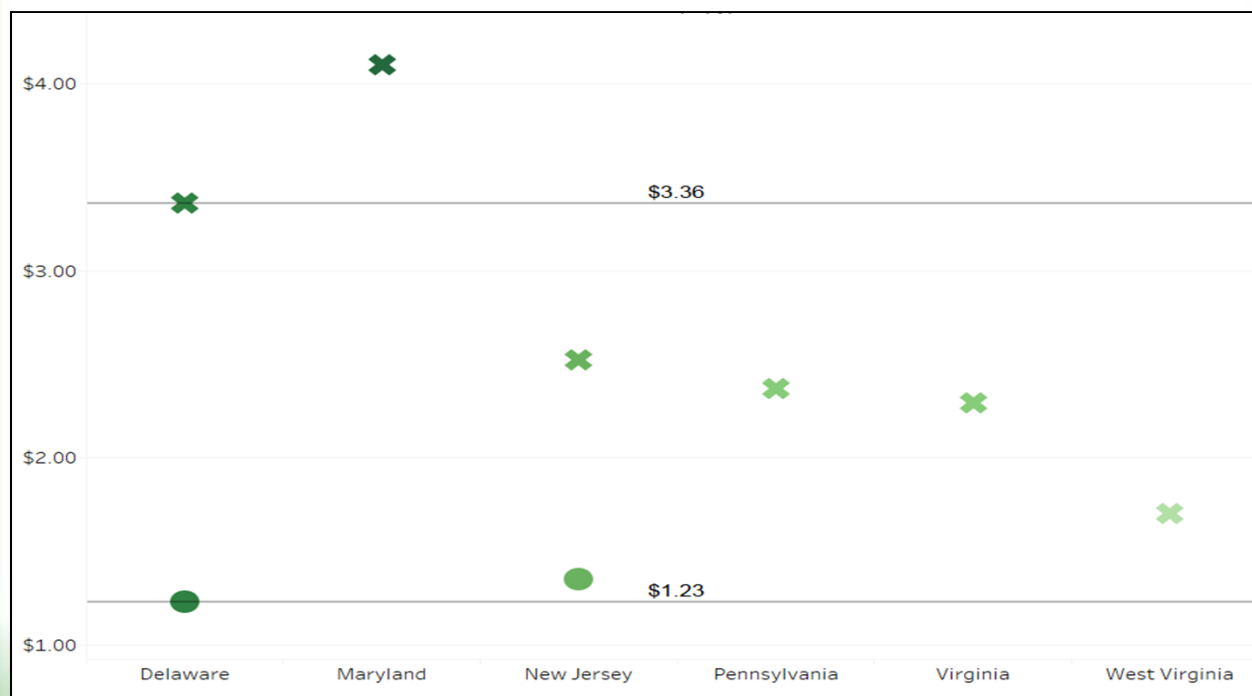
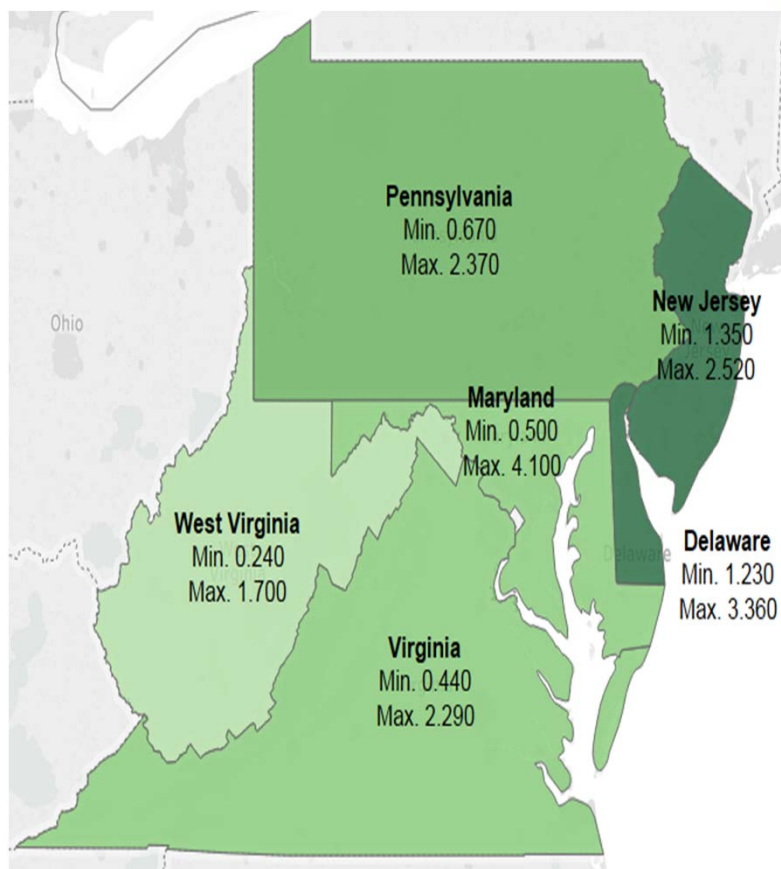
Combined ratios have been declining since hitting a peak in 2011. The Calendar Year 2016 ratio is 115.1%. A combined ratio of less than 100% means a company has collected more in premium than incurred on losses and operational expenses, indicating an underwriting profit.



$$\text{Combined Ratio} = \frac{\text{Losses} + \text{Expenses}}{\text{Premium}}$$

Rate Comparison

The DCRB performs an analysis of prevailing workers compensation rating values in Delaware and five neighboring states. The most recent study examining Delaware December 1, 2016 rating values, presents comparative ranges of approved rating values in some 30 classifications, representing the 10 largest classifications from each of three Industry Groups: manufacturing, contracting and all other industries. Please refer to our website for the complete study.





The DCRB is the licensed rating organization for workers compensation business in the state of Delaware, and has served in that role since 1917. The DCRB is a non-profit, private corporation supported by members comprised of all insurers licensed to underwrite workers compensation insurance in Delaware. The DCRB makes annual rating value filings with the Delaware Insurance Department and, subject to review and approval by the Department of Insurance, the DCRB maintains uniform classification and experience rating plans as well as rules and parameters associated with various other mandatory and optional pricing programs. For more information about the DCRB contact us at:

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