



State Activity Report

2019

Delaware Compensation Rating Bureau, Inc.



Workers Compensation State Activity Report For Delaware

The Delaware Compensation Rating Bureau's (DCRB) **State Activity Report** provides a high level review of workers compensation information underlying the Delaware 2019 Loss Cost Filing and other data analyses initiated in 2019. This year represents the fourth publication of the report.

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 Delaware 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.



Year in Review - 2019



FILINGS NEWS & RESULTS

- -12.75% Annual Rate Filing Approval
- \$223 Million Standard Earned Premium
- 7 additional classifications eligible for DCCPAP credits

DATA COLLECTION

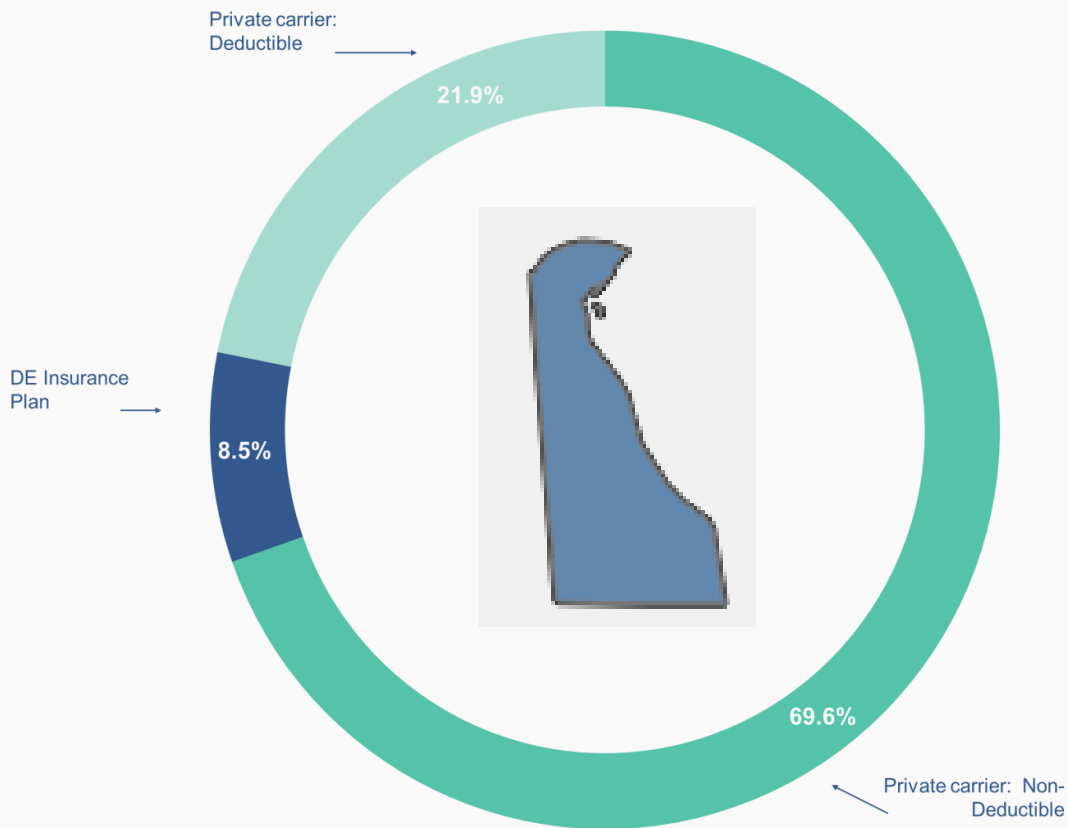
- Medical Data Manager (MDM) Released
- 140,806 Policy documents
- 32,768 USRs
- 429,679 Medical Data Call Records
- 1,380 Financial Calls

OPERATIONAL

- 375 Classification inquiries
- 547 DCCPAP Credits
- Workplace Safety Credits
- 547 Delaware Insurance Plan Applications
- 11 DCRB Circulars published on various WC topics
- System Reengineering Project Continues

Delaware Market Share

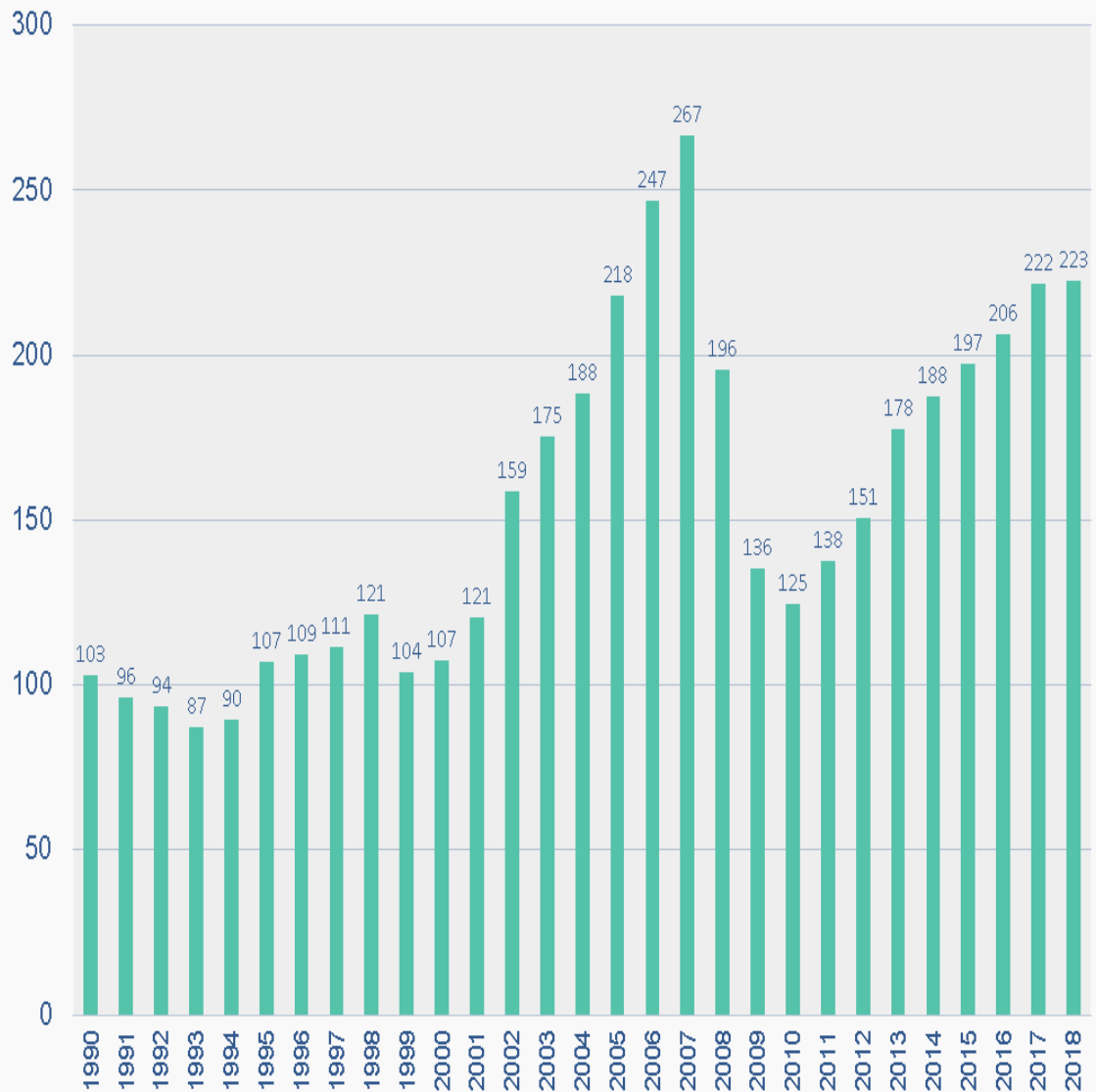
Delaware employers are required to secure their liability through private insurance, the Delaware Workers Compensation Insurance Plan (DIP), self-insurance, or self-insured groups. The DIP (“assigned risk” or “residual market”) ensures that all employers have a means of meeting their statutory obligation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



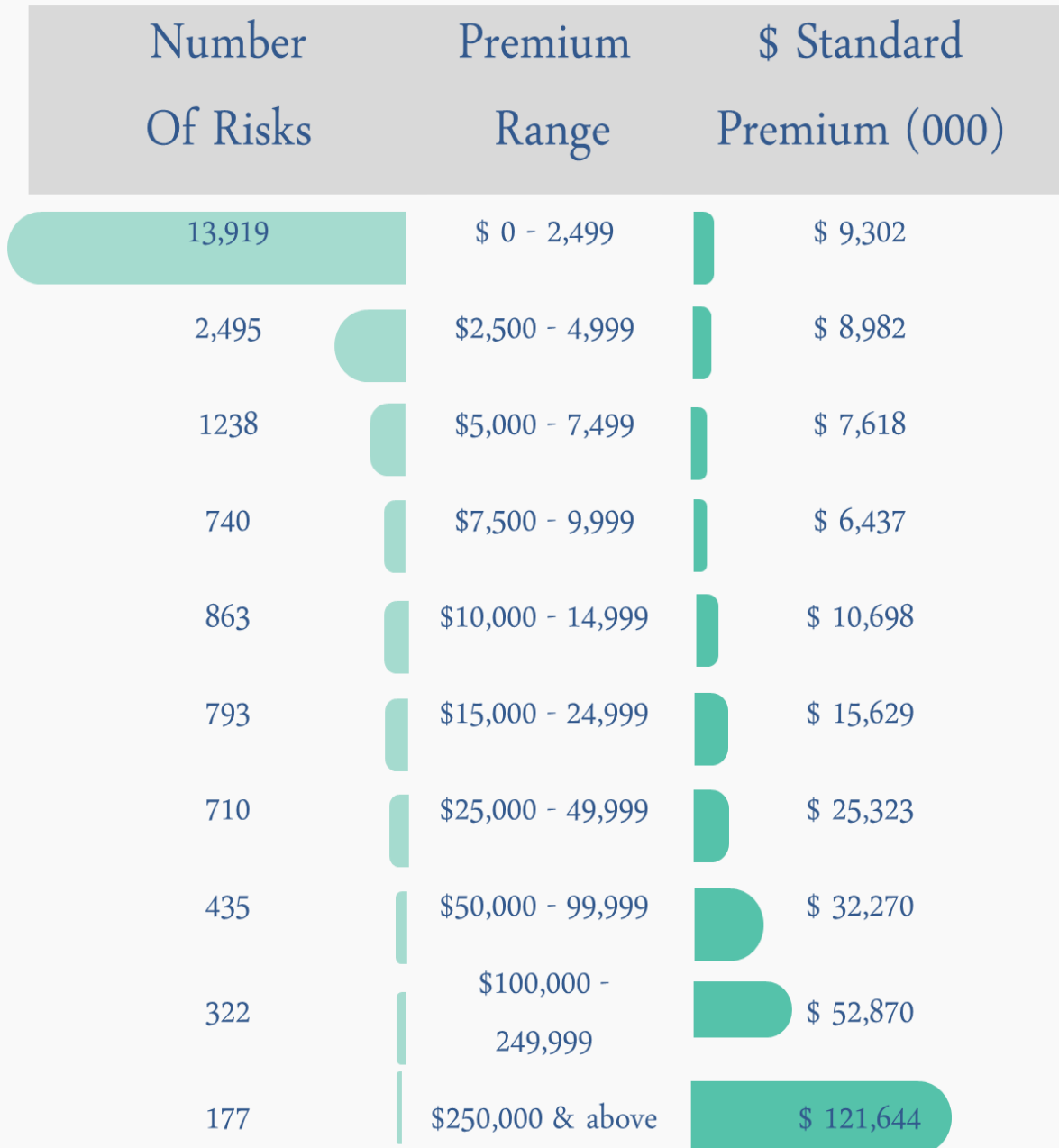
Employers that choose to apply for self-insured status or join a certified group self-insurance fund are not required to report any data to the DCRB. Therefore, that data is not included in this exhibit.

Workers Compensation Premium

Written Premium (\$ Millions)

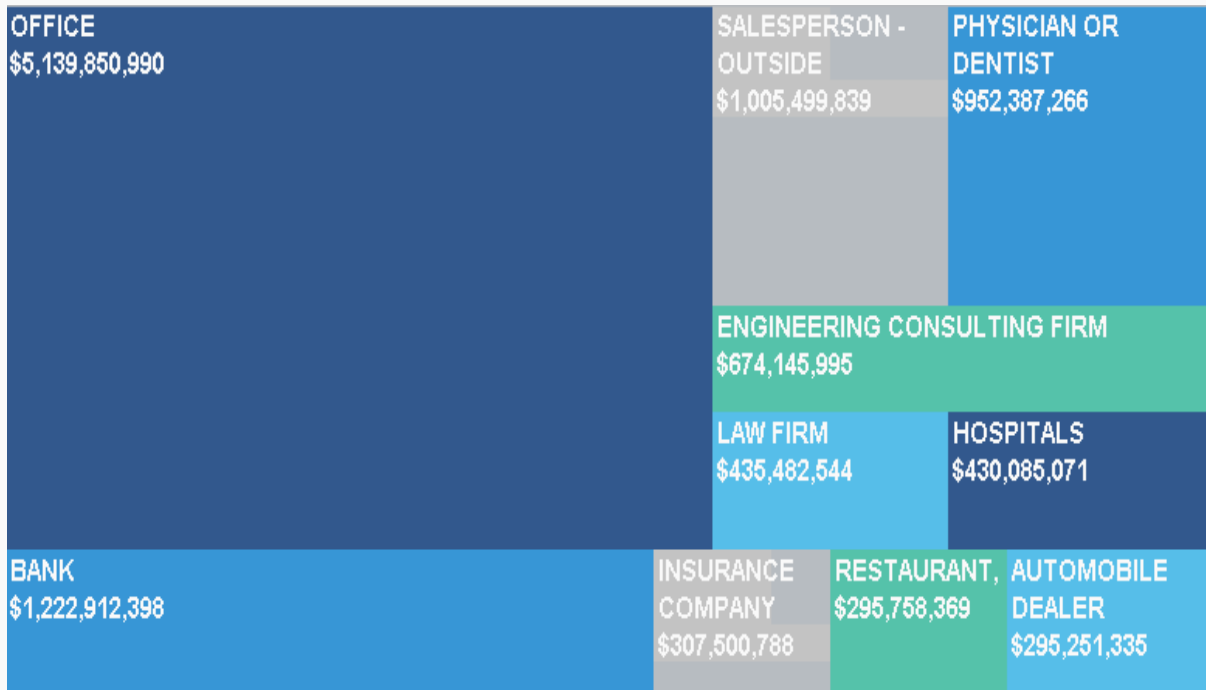


Premium Demographics

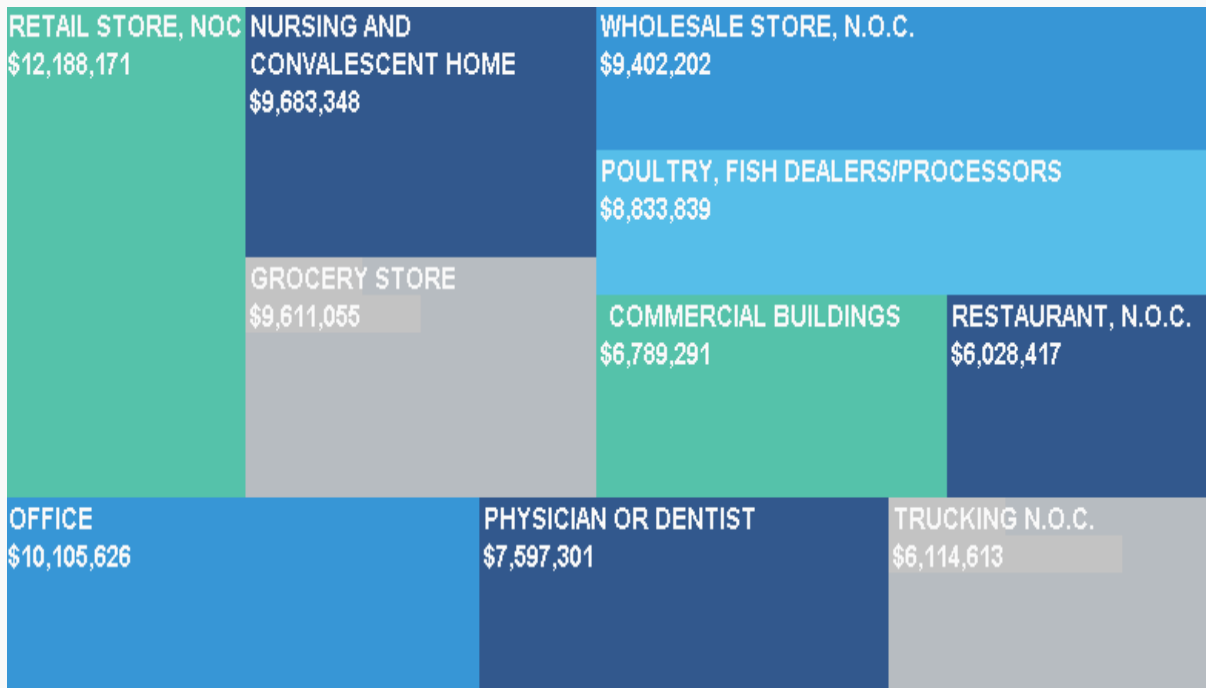


Premium & Payroll by Classification

Top 10 Classes by Premium (\$)



Top 10 Classes by Payroll (\$)



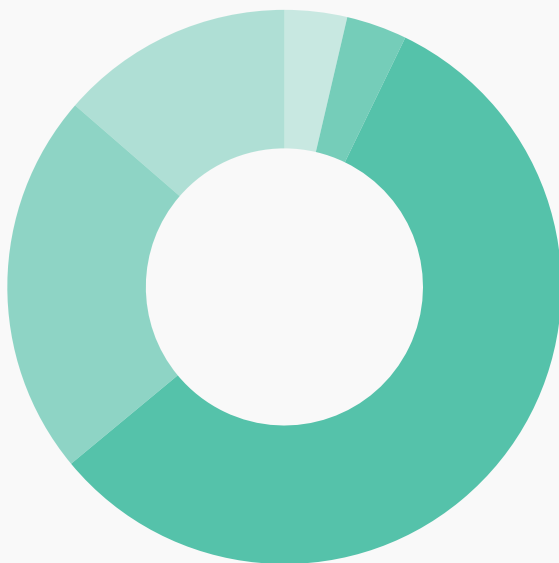
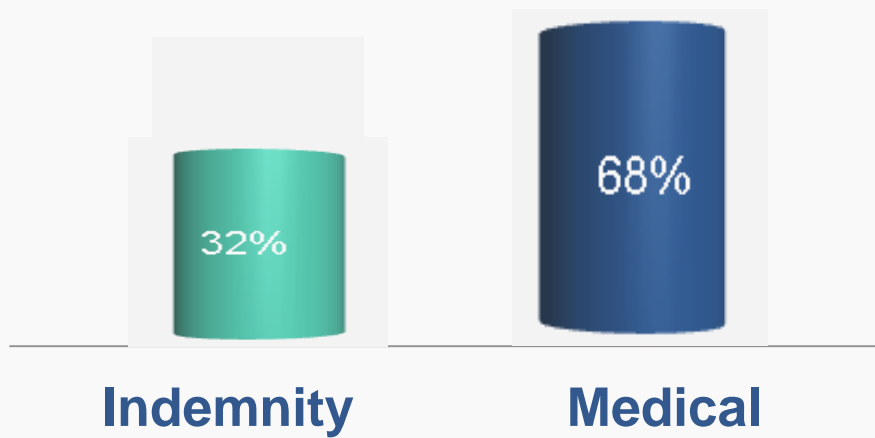
Claim Count and Losses by Classification

These are the top 10 classes by number of lost time claims.

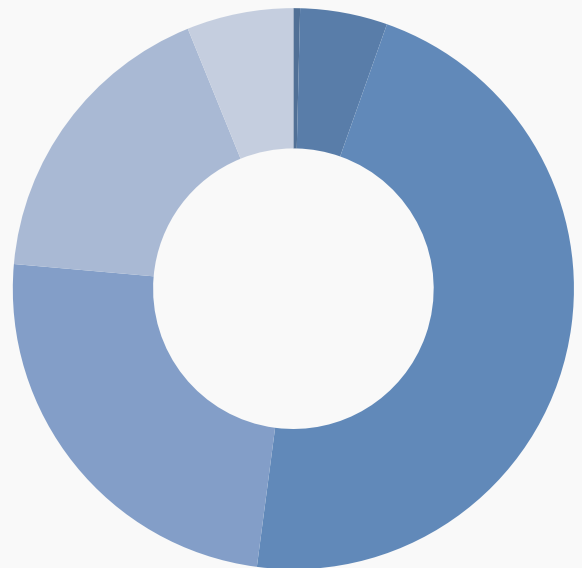
These classes represent 35% of claims and 23% of losses.

Class Code and Description	Indemnity Claim Count	\$ Total Incurred Loss	\$ Average Incurred Loss
(917) Grocery Store	101	2,723,111	26,961
(924) Wholesale Store, N.O.C.	95	3,061,439	32,226
(928) Retail Store, N.O.C	94	2,954,434	31,430
(960) Nursing and Convalescent Home	76	2,026,375	26,663
(975) Restaurant, N.O.C.	74	1,436,578	19,413
(957) Physician or Dentist	69	2,292,087	33,219
(941) Social Rehabilitation Facility	68	1,427,155	20,988
(953) Office	58	1,638,030	28,242
(971) Commercial Buildings	58	1,753,346	30,230
(818) Automobile Dealer	51	1,981,192	38,847
All Other	1,402	70,529,861	50,307

Indemnity and Medical Splits



- Death 3.6%
- PT 3.5%
- Major 56.8%
- Minor 22.4%
- Temp 13.6%

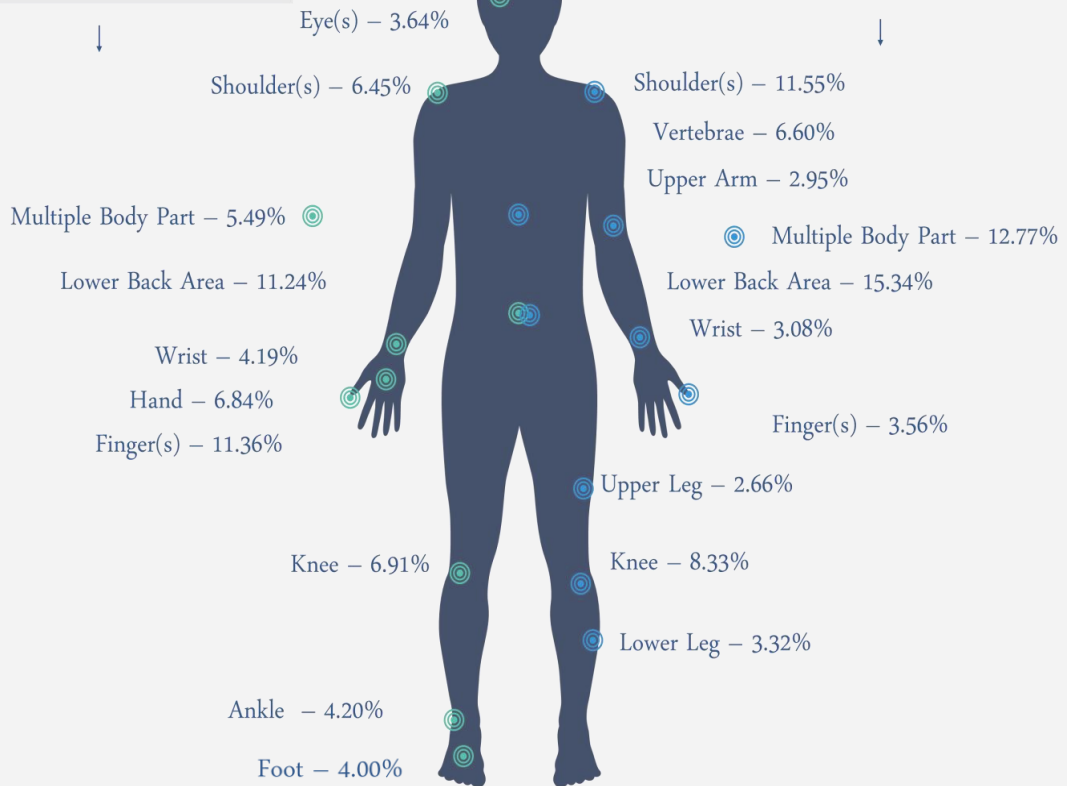


- Death 0.4%
- PT 5.0%
- Major 46.7%
- Minor 24.3%
- Temp 17.5%
- Med Only 6.1%

Injury Description Distribution

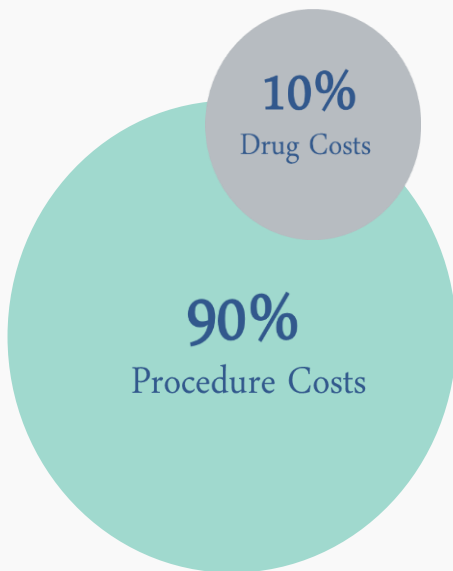
Top 10 Injuries by Total Claim Count

Top 10 Injuries by Total Losses



Cause of Injury			Nature of Injury		
Description	Claims		Description	Claims	
Motor Vehicle	2,013	<div></div>	Strain or Tear	2119	<div></div>
Fall, Slip or Trip Injury	1,500	<div></div>	Laceration	1189	<div></div>
Striking Against or Stepping On	1,183	<div></div>	Contusion	1118	<div></div>
Cut, Puncture, Scrape Injured By	968	<div></div>	Sprain or Tear	764	<div></div>
Miscellaneous Causes	628	<div></div>	All other Specific Injuries	486	<div></div>
Strain or Injury By	539	<div></div>	Puncture	422	<div></div>
Rubbed or Abraded By	365	<div></div>	Fracture	373	<div></div>
Burn or Scald (Heat or Cold Exposure)	314	<div></div>	Burn	204	<div></div>
Caught In, Under or Between	308	<div></div>	Multiple Physical Injuries	192	<div></div>
Struck or injured By	14	<div></div>	Inflammation	167	<div></div>

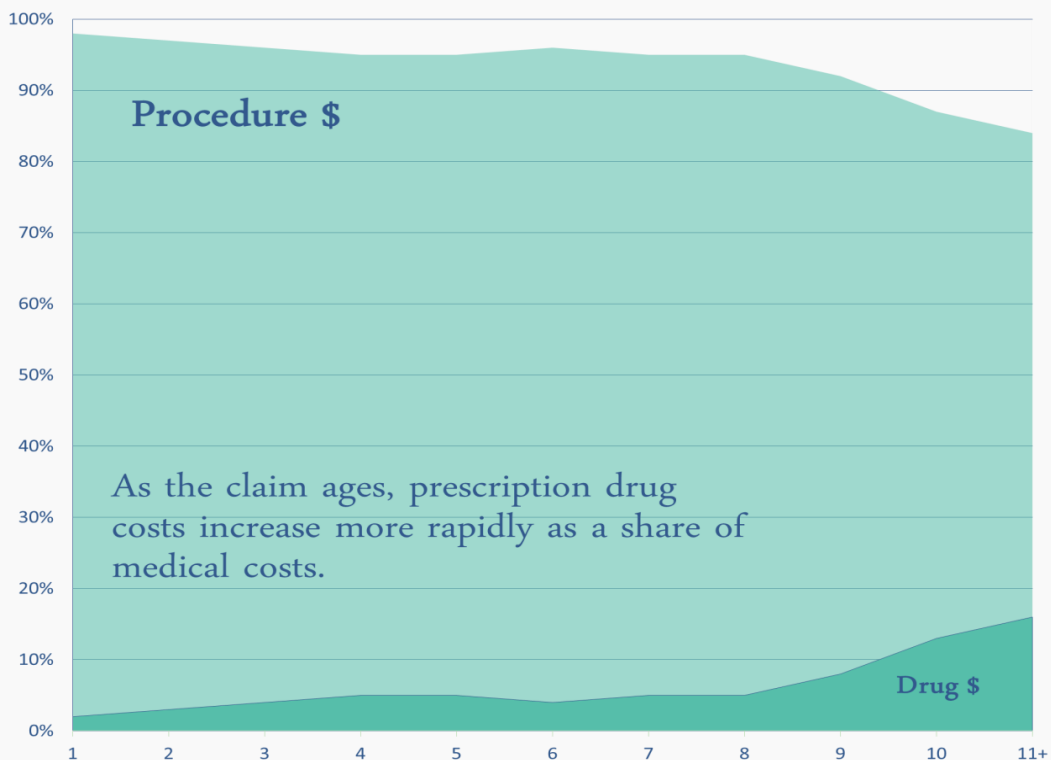
Medical Cost Breakdown



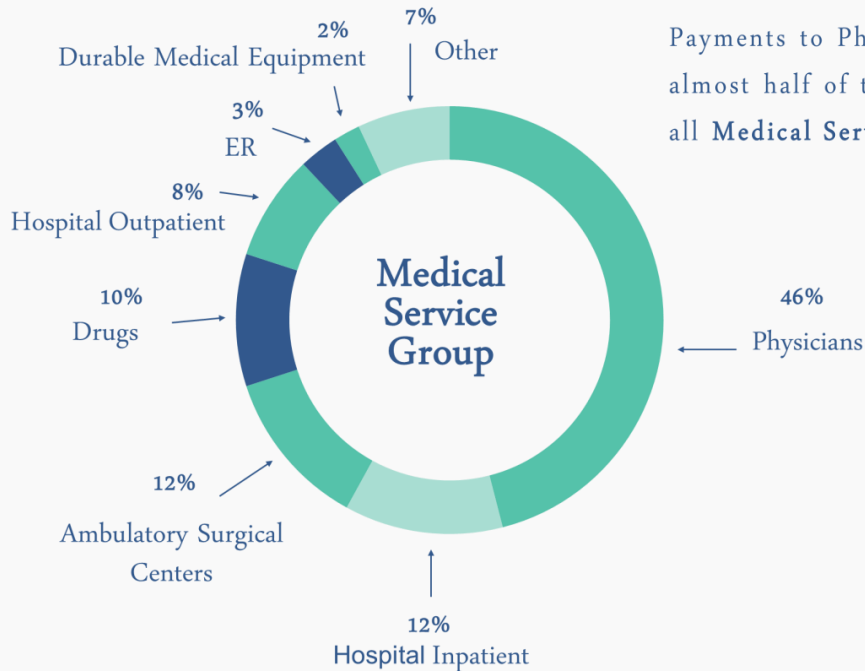
Medical treatment is a primary driver of rising medical costs. Using our Medical Data Call (MDC) data, we observe that, overall, the bulk of medical dollars are attributable to medical procedures. Note that 10% of all medical dollars are attributable to Drug costs. *

*Medical expenses are not included in the MDC.

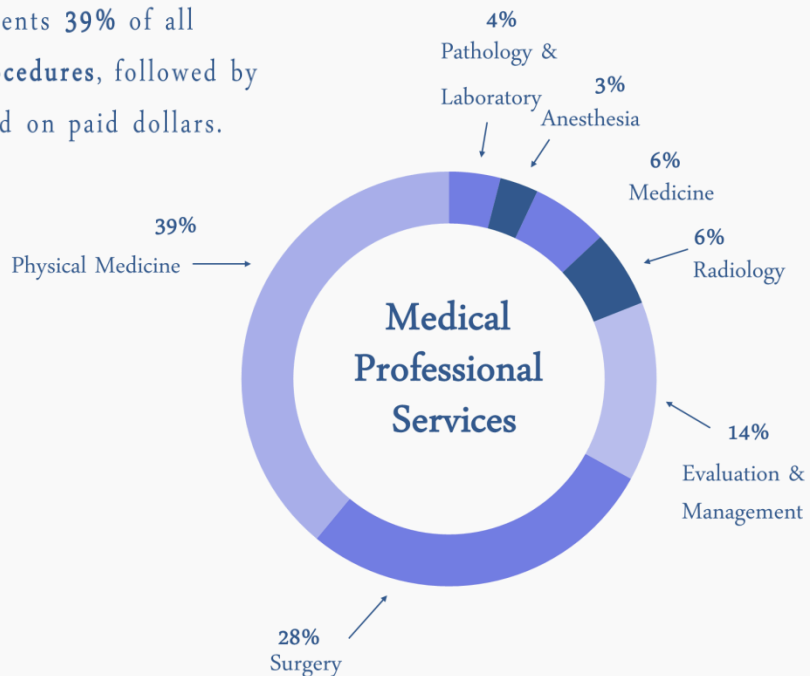
Age of Claim



Medical Services Breakdown



Physical Medicine represents **39%** of all professional **Medical Procedures**, followed by Surgical procedures based on paid dollars.



Medical Visits Per Claim



Physical Medicine & Rehabilitation
5 out of 10 claimants



Office Visits & Consultations
3 out of 10 claimants



Major & Minor Surgery
1 out of 10 claimants



Chiropractic Treatment
1 out of 10 claimants



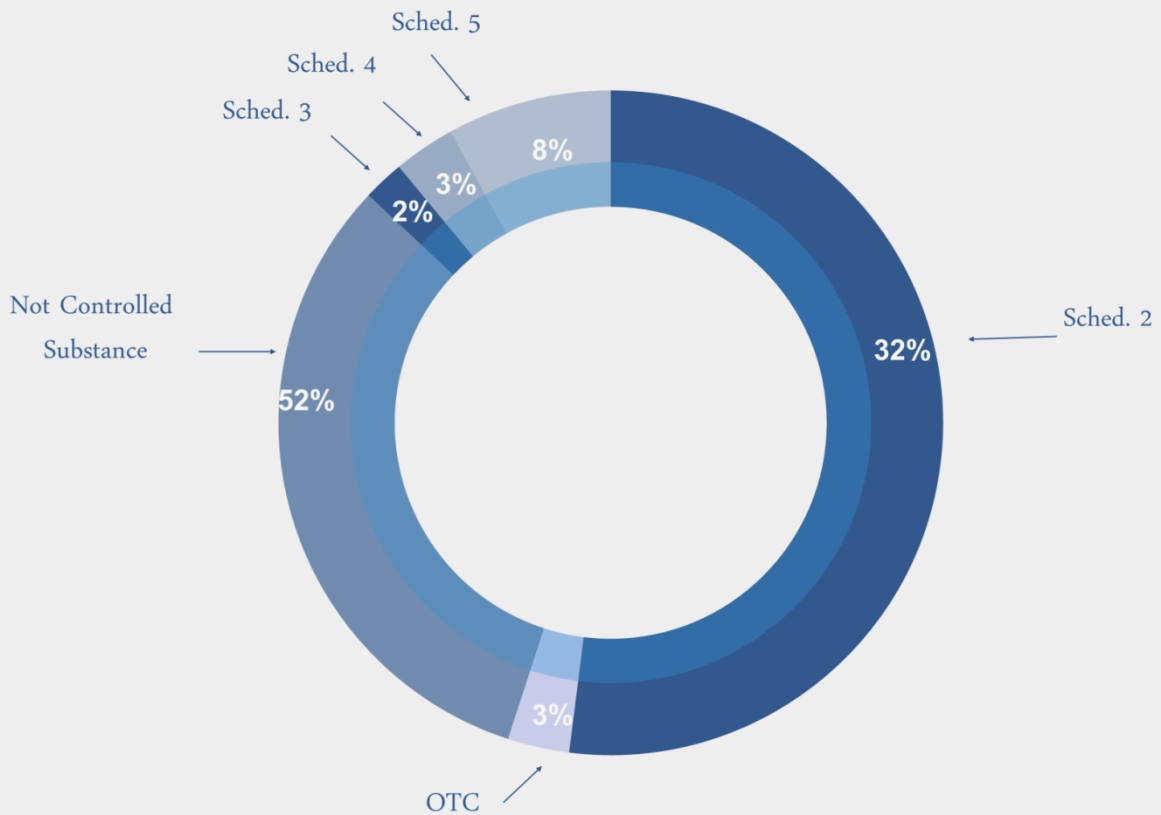
Radiology
1 out of 10 claimants

Based on over 107,000 professional visits and over 8,400 claims.

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.

Prescription Drugs

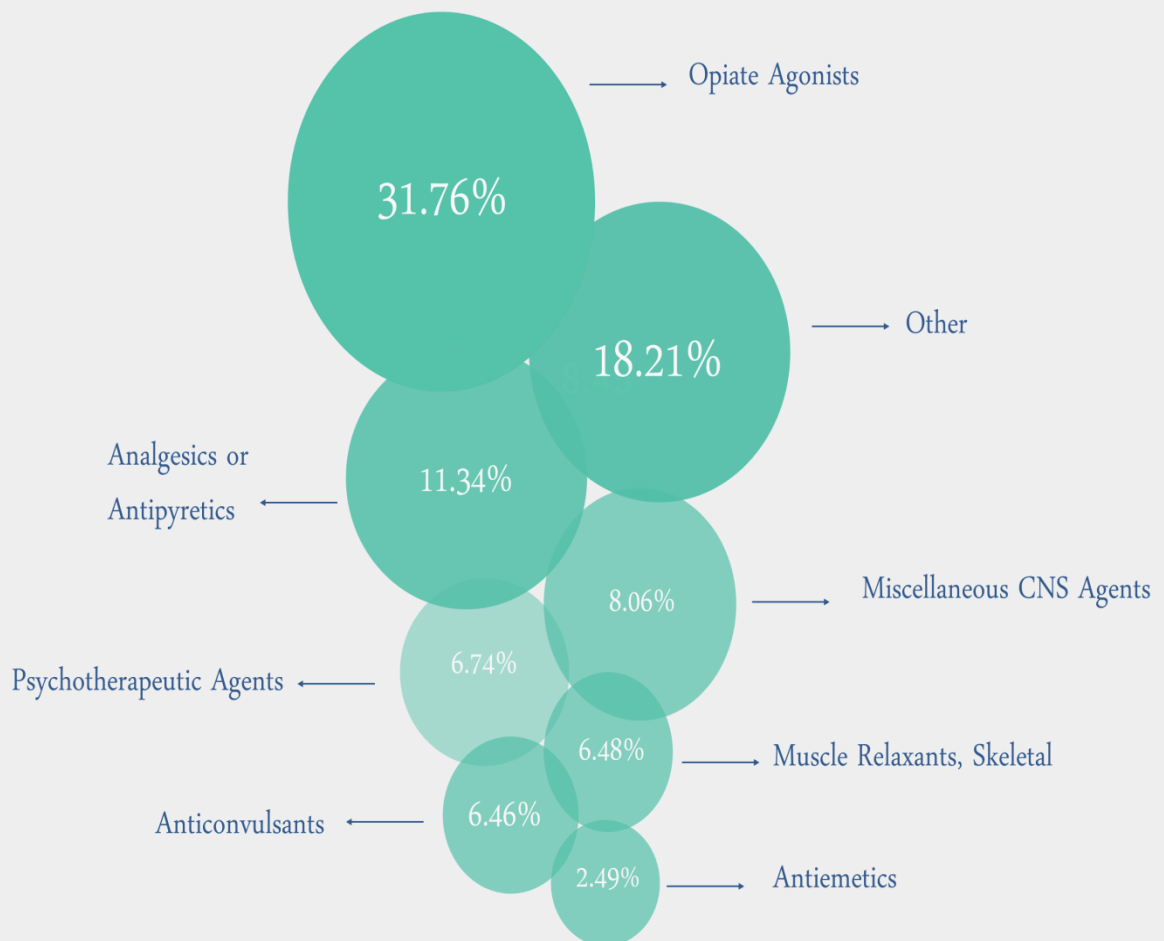
Controlled Substance Act Schedule



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

Prescription Drugs

Therapeutic Classifications



Opioids are the most prevalently prescribed drug to workers compensation claimants.

Prescribing Patterns

2018 Distribution of Drugs

47% are
Brand

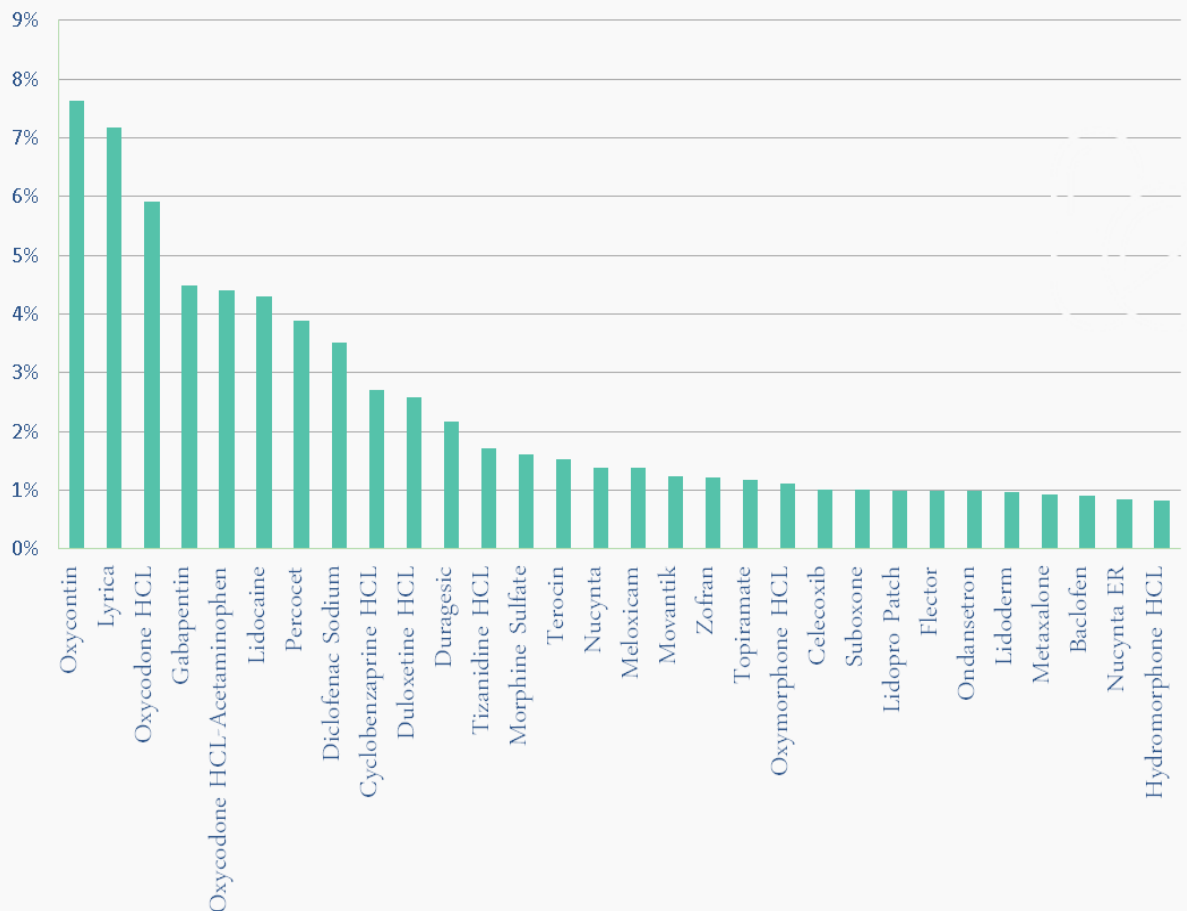


53% are
Generic



Based on total amount paid, along with their ranks for earlier service years.

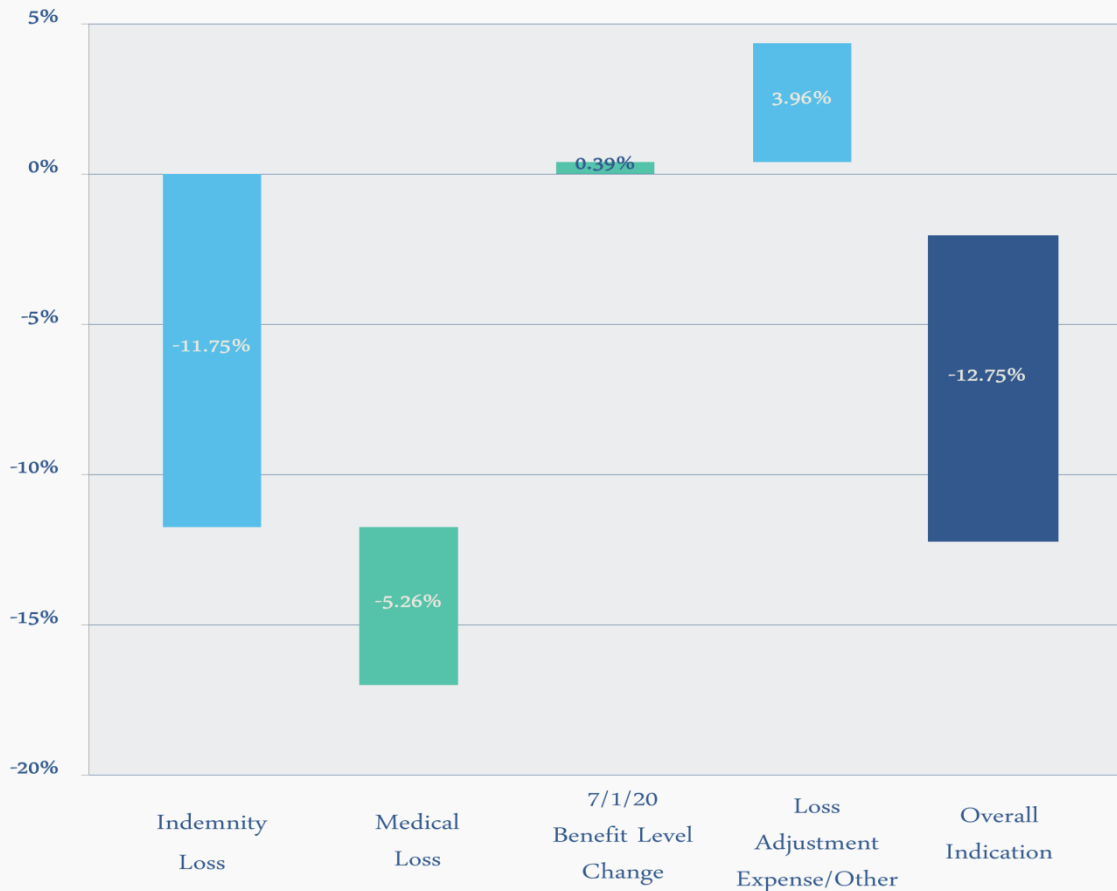
Paid Shares for Service Year 2018



Top 30 Drugs		Rank by Service Year				
Drug Name	2018	2017	2016	2015	2014	
Oxycontin	1	1	1	1	1	
Lyrica	2	3	3	5	5	
Oxycodone HCL	3	4	4	3	3	
Gabapentin	4	2	2	2	2	
Oxycodone HCL-Acetaminophen	5	5	5	4	4	
Lidocaine	6	6	8	8	8	
Percocet	7	7	6	6	6	
Diclofenac Sodium	8	8	38	47	45	
Cyclobenzaprine HCL	9	10	10	10	14	
Duloxetine HCL	10	9	9	9	7	
Duragesic	11	14	15	17	12	
Tizanidine HCL	12	13	13	15	16	
Morphine Sulfate	13	12	11	11	9	
Terocin	14	11	7	7	10	
Nucynta	15	16	16	20	27	
Meloxicam	16	21	18	19	15	
Movantik	17	27	42	72	n/a	
Zofran	18	22	26	26	26	
Topiramate	19	17	24	23	24	
Oxymorphone HCL	20	28	27	29	33	
Celecoxib	21	23	19	18	115	
Suboxone	22	29	36	41	39	
Lidopro Patch	23	20	17	80	n/a	
Flector	24	31	21	16	23	
Ondansetron	25	24	25	83	103	
Lidoderm	26	38	52	53	50	
Metaxalone	27	30	28	21	25	
Baclofen	28	25	22	25	35	
Nucynta ER	29	19	31	34	38	
Hydromorphone HCL	30	15	12	12	21	

Components of 2019 Indication

The overall change in residual market rate level was -12.75%



Indemnity Loss and Trend contributes 55% to change in loss costs

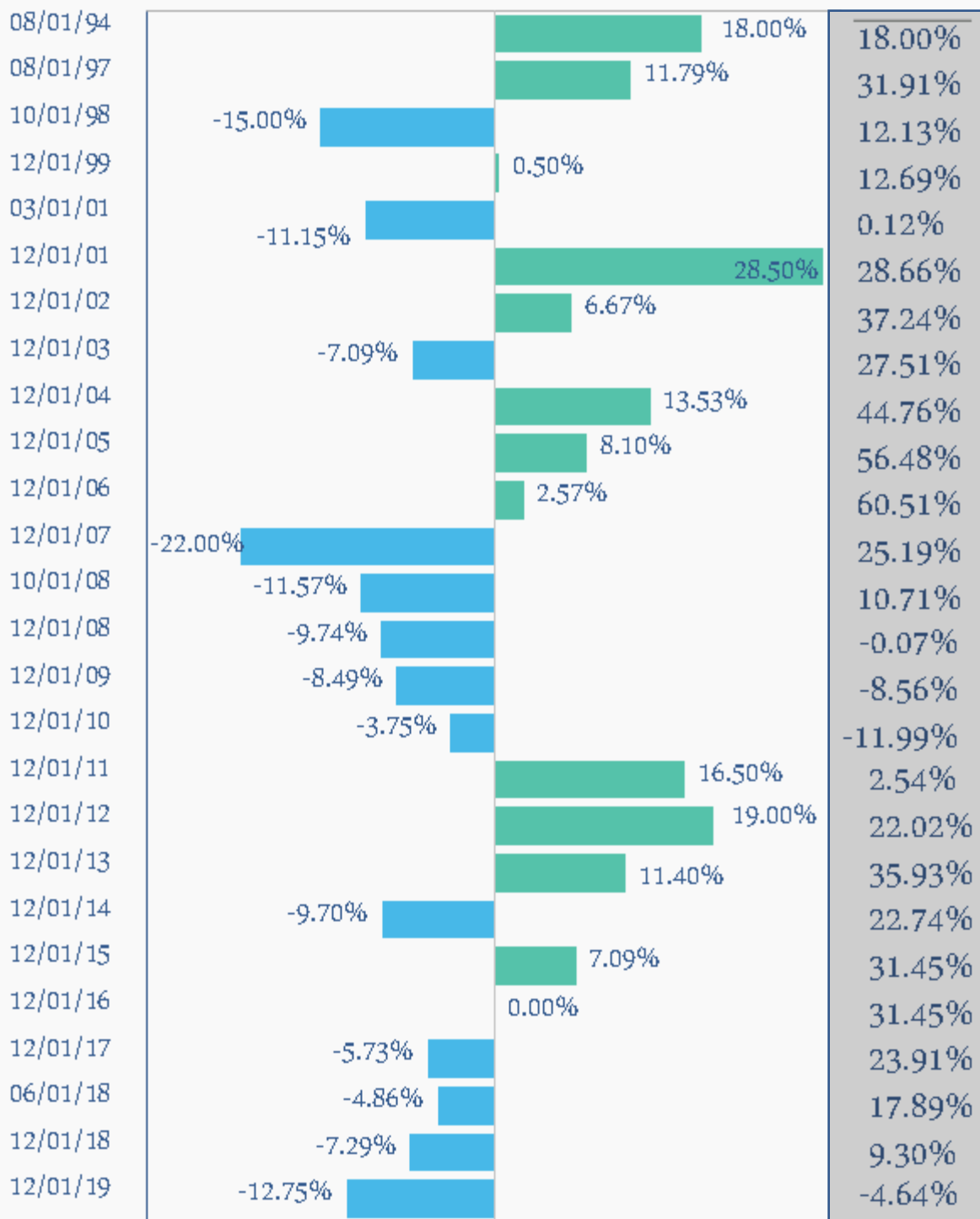


Medical Loss and Trend contributes 25% to change in loss costs



Expense contributes 20% to change in loss costs

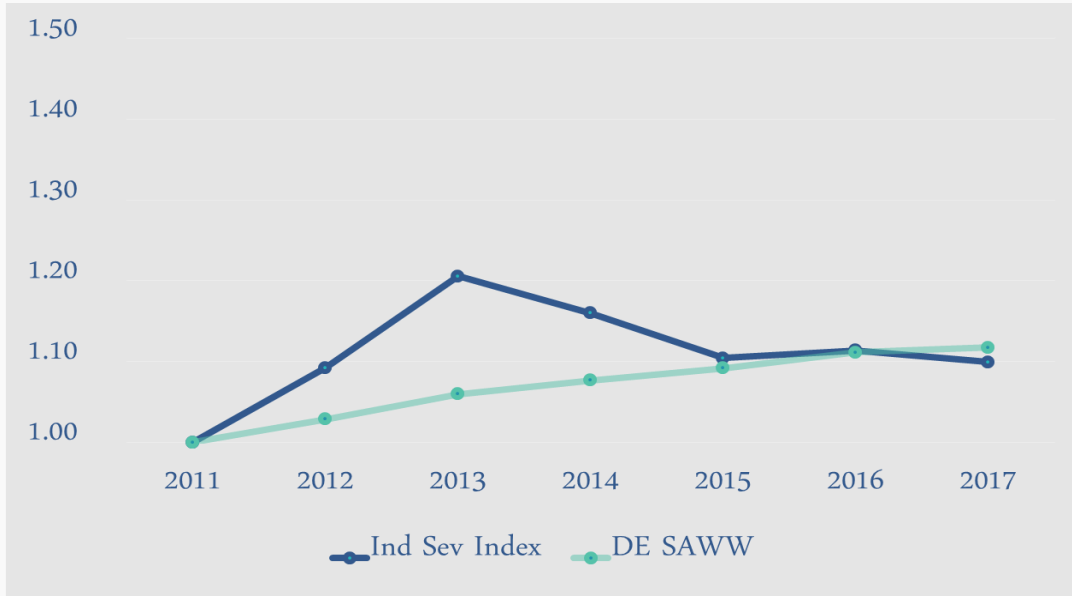
History of Approved Rate Changes



Residual market rates have decreased 4.64% since 1994

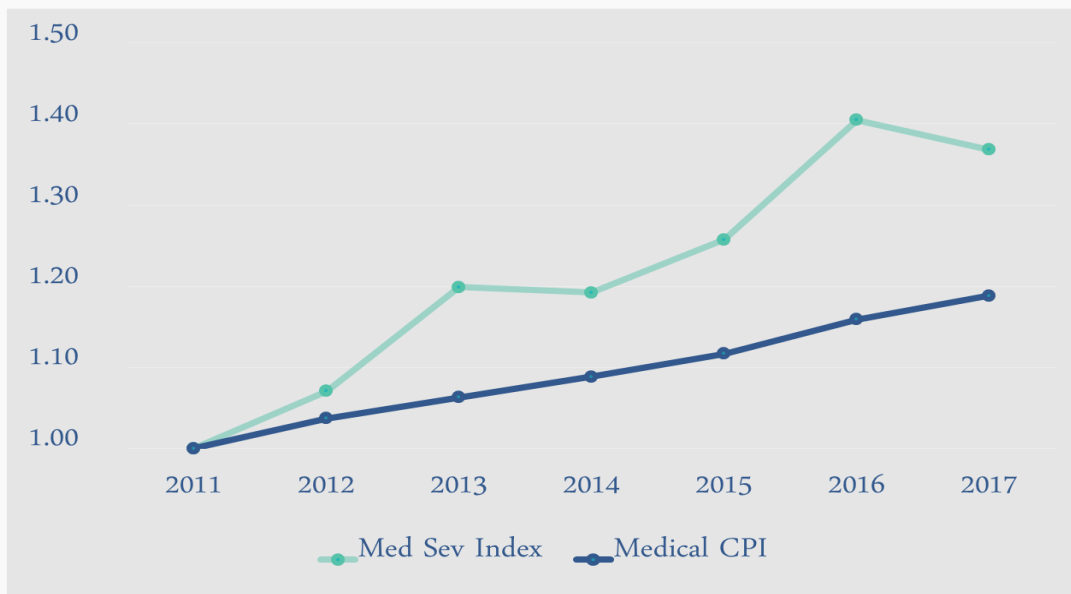
Trends in Average Cost

Indemnity Severity vs. SAWW



Indemnity Severity = 0.8% SAWW = 1.9%

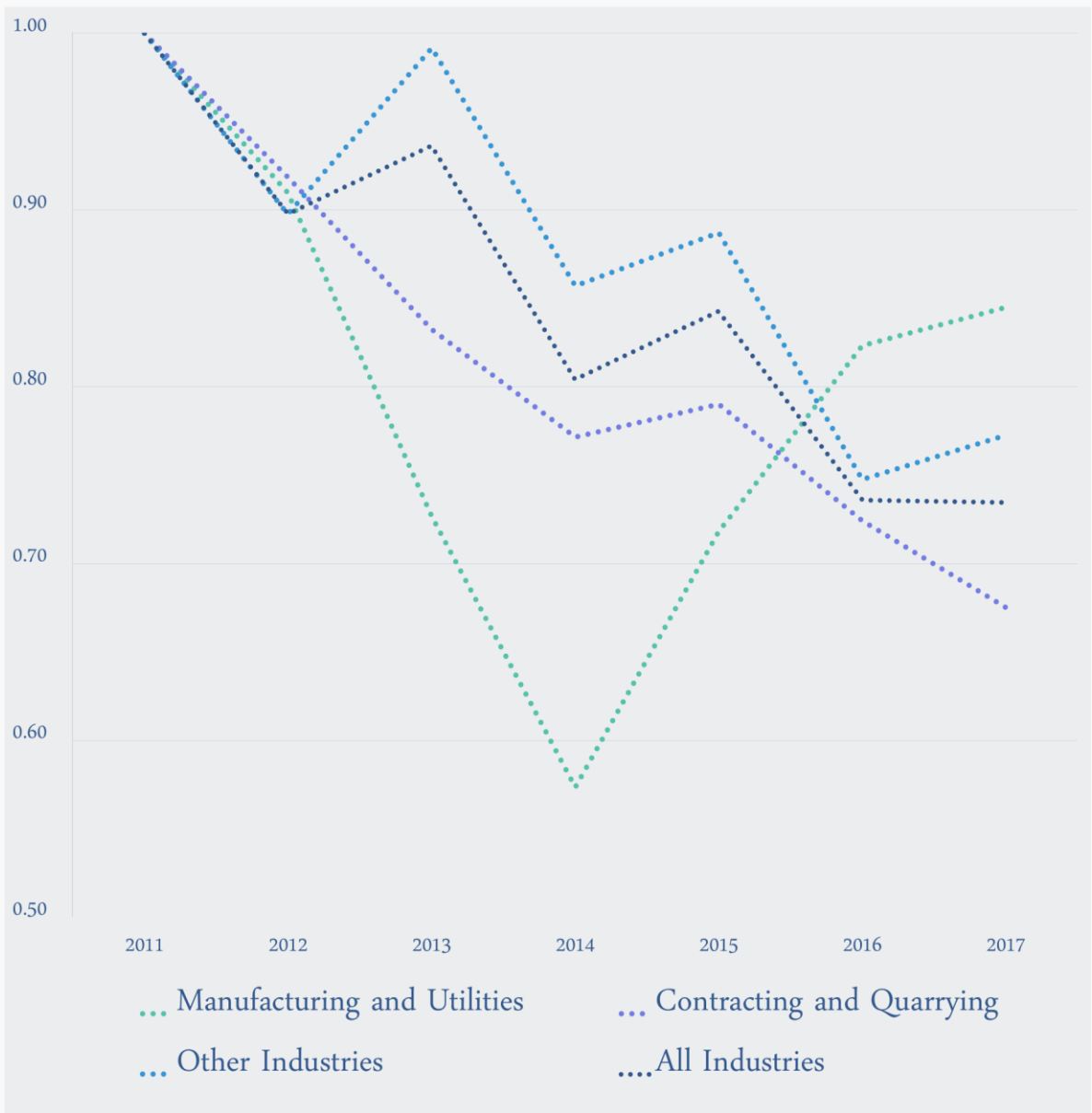
Medical Severity vs. CPI-Medical



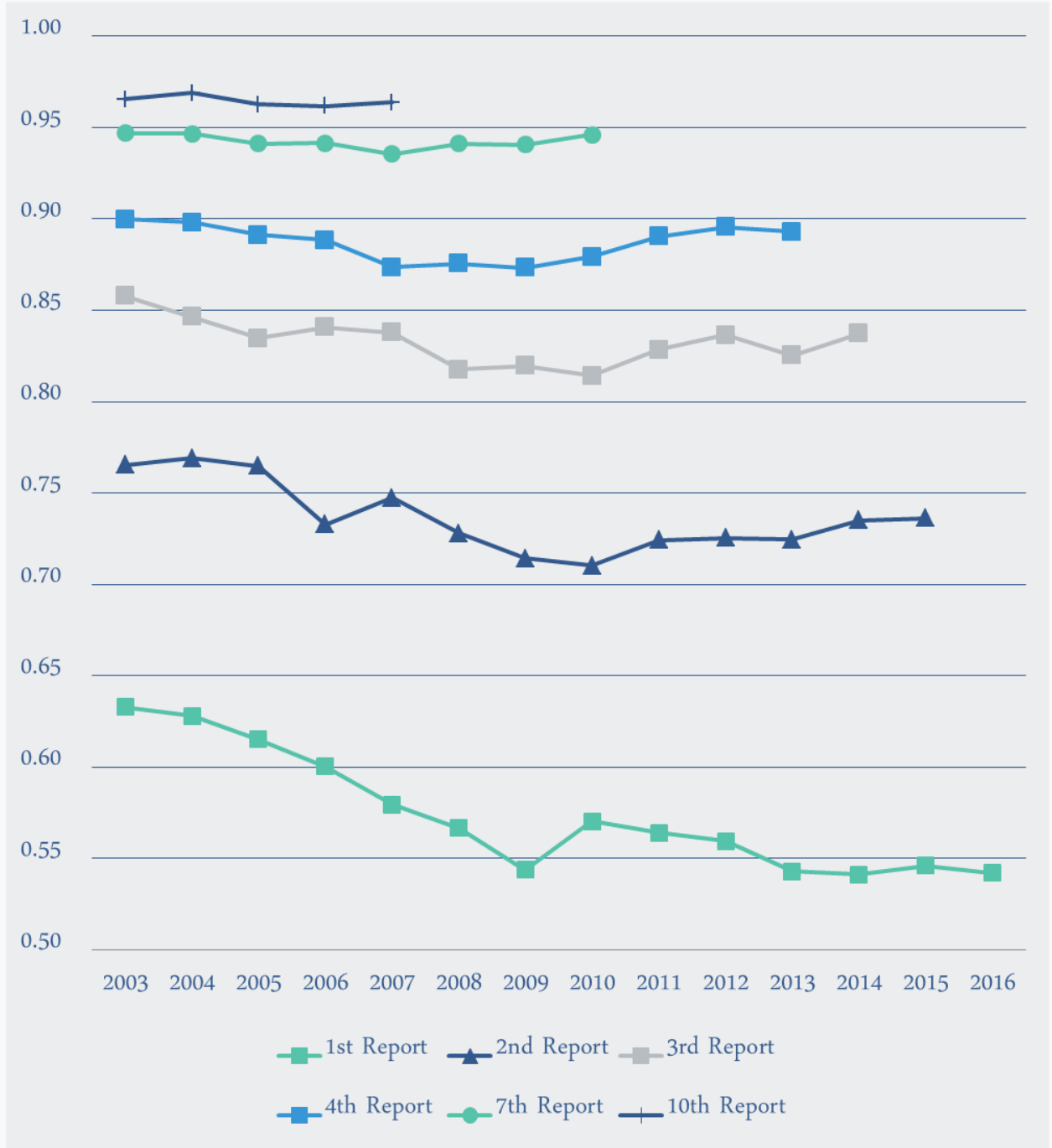
Medical Severity = 5.6% Medical CPI = 2.9%

Frequency Trend by Industry Group

Claim frequency trend is -5.0%

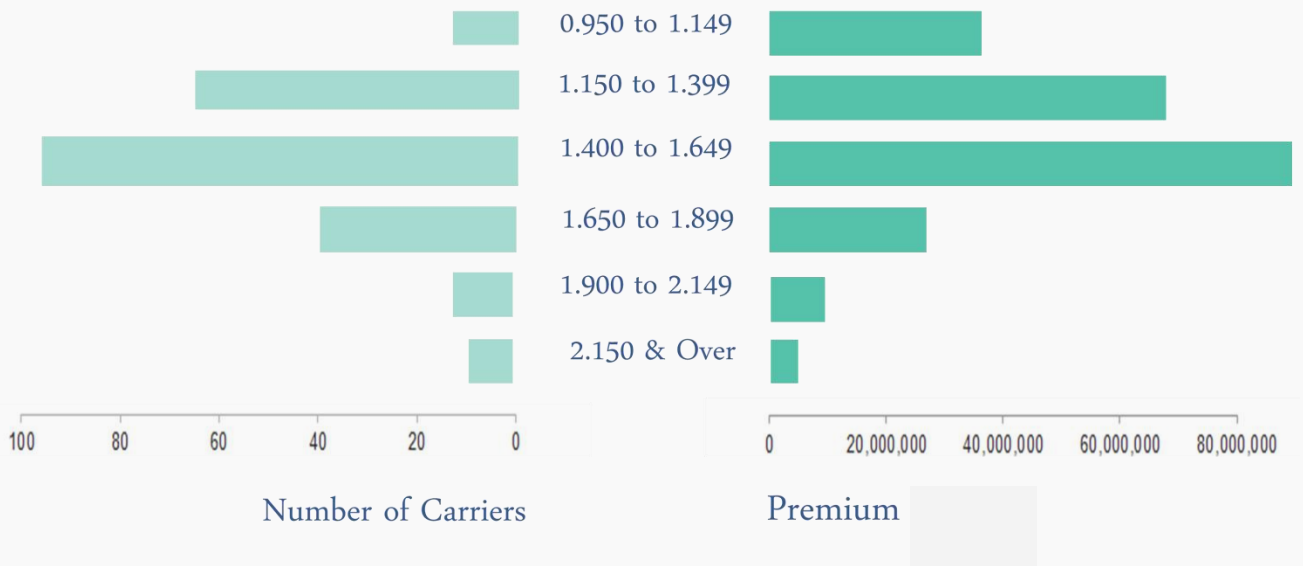


Claim Closure Rates



Insurance Carrier Pricing

Loss Cost Multiplier Ranges

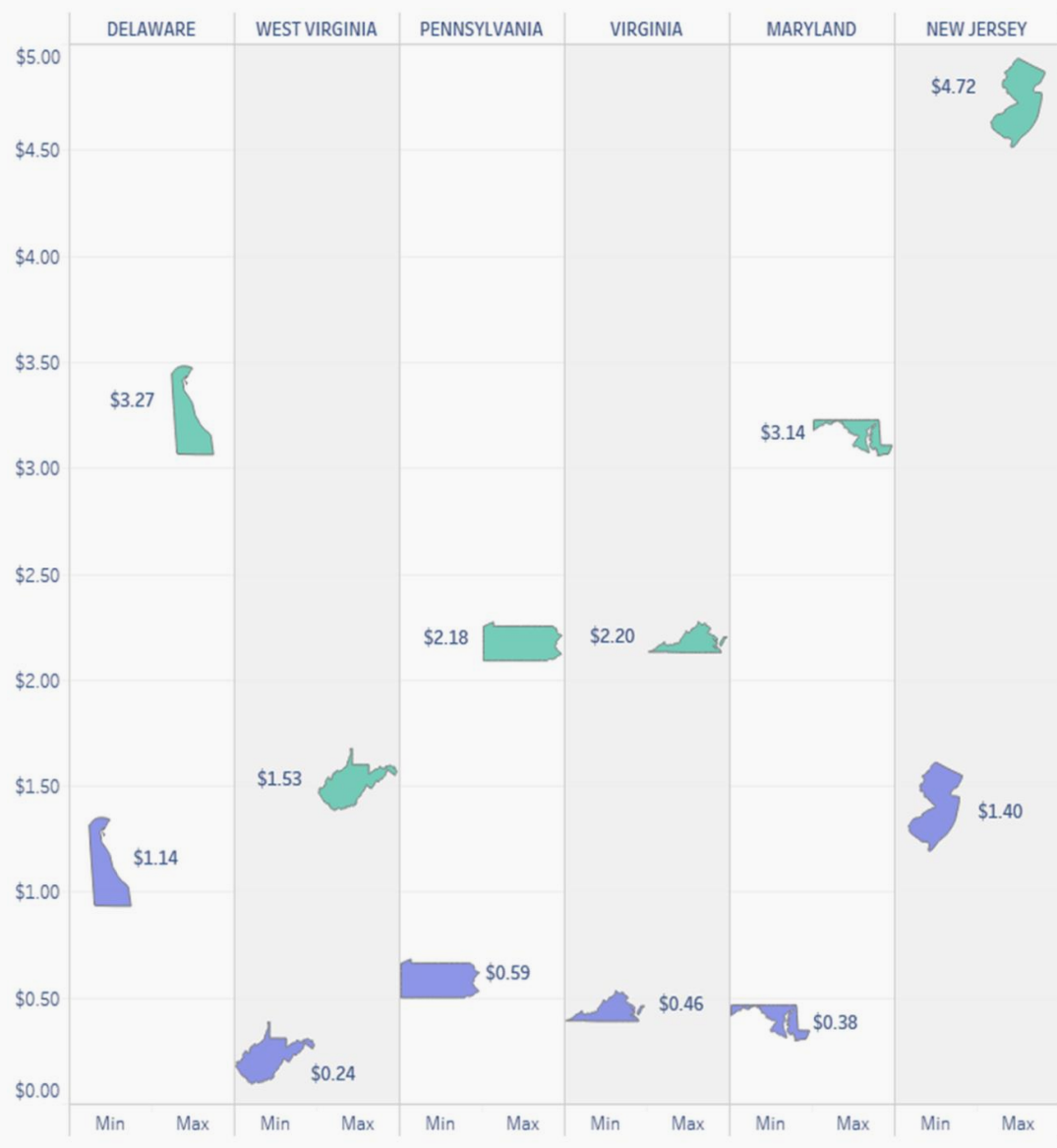


Implied Average Loss Cost Multiplier



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, 2018 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.



Mega Claim Overview of Characteristics

12

Mega claims
reported for
accident years
2002 - 2016

The DCRB performed an analysis of very large workers compensation claims as part of a collaborative research effort with other DCO's. These DE claims were defined as total incurred losses exceeding \$3 million on an inflation adjusted basis and were categorized by specific categories of industries, types of claims, part of body injured, cause of injury and nature of injury.

Incurred
Losses

Indemnity
28%



72%
Medical

3 Death claims
6 Permanent
Total Claims
3 Permanent
Partial Claims



50%
of accidents
occurred in
construction



50% Of accidents
were spine and
neck injuries



35%
Of accidents are
attributed to falls and
slips in the workplace



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 Department of Insurance 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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