

**Delaware Compensation Rating Bureau, Inc.**  
Trends in Experience – December 1, 2004 Loss Cost Filing

Questionnaire for Leading Carrier Groups

1. Bureau data from previous filings has shown substantial and persistent downward trends in claim frequency. The trends in question have been measured comparing indemnity claims to on-level expected losses, so that medical-only losses are excluded from the data, and shifts in employment between classifications and/or industry groups are recognized in the frequency calculations over time.

The December 1, 2003 loss cost filing reflected an annual effective rate of decline in claim frequency of 6.7 percent. The December 1, 2004 filing will consider the most recent available data and develop appropriate projections for ingoing claim frequency changes through the mid-point of the proposed schedule of loss costs.

**What has your group observed with respect to claim frequency in the period from 1999 to date?**

Declines – 6  
Flat – 2  
Early declines with subsequent leveling off – 2  
Early declines with subsequent increases – 1  
No Response – 1

**To what do you attribute the changes you have seen?**

Emphasis Placed on and/or Incentives Applicable to Workplace Safety Initiatives – 7  
Mix of Business Underwritten – 5  
Economic Conditions – 2  
No Response – 2

**What do you expect claim frequency data for the period from 2003 through 2006 will show when that experience becomes available?**

Continued Decreases – 3  
Flat – 7  
Increases – 3

**What factors do you think will cause the claim frequency experience you anticipate, and why?**

Safety Incentives and Initiatives – 5  
Mix of Business Underwritten – 1  
Economic Conditions – 4  
No Response – 3

**What has your company seen in terms of changes in indemnity claim severity over the period from 1999 to date?**

Increases – 7  
Decreases – 1  
No Response – 4

**What factors do you find notable in terms of either controlling or increasing indemnity claim severity over this period of time?**

Wage & Benefit Levels – 3  
System Benefit Administration Features - 7  
Litigation – 1  
Mix of Business Underwritten – 1  
No Response – 4

**What do you expect indemnity claim severity data for the period from 2003 through 2006 will show when that experience becomes available?**

Increases – 8  
No Response – 4

**What factor(s) do you think will be most important in contributing to the indemnity claim severity changes that you foresee, and why?**

Wage and Benefit Levels – 1  
System Benefit Distraction Features – 5  
Economic Conditions – 1  
No Response - 4

2. Bureau data from the December 1, 2003 loss cost filing showed a medical claim severity trend of +9.0 percent per year.

**What has your company seen in terms of changes in medical claim severity over the period from 1999 to date?**

Increases – 11  
Flat – 0  
Decreases – 0  
No Response – 1

**What factors do you find notable in terms of either controlling or increasing medical claim severity over this period of time?**

Price inflation – 7  
Utilization – 8  
Lack of Cost Containment Tools in System – 3  
No Response – 1  
Administrative Features of System – 3  
Economic Conditions – 1  
Influx of More Serious Injuries – 1

**What do you expect medical claim severity data for the period from 2003 through 2006 will show when that experience becomes available?**

Increases – 11  
Flattening – 1  
No Response – 1

**What factor(s) do you think will be most important in contributing to the medical claim severity changes that you foresee, and why?**

Price Inflation – 6  
Utilization – 6  
Lack of Cost Containment Tools in System – 4  
No Response – 3  
Administrative Features of System – 1

3. What considerations NOT mentioned in your responses to the above questions do you think will be significant drivers of loss cost experience in Delaware from 2003 through 2006?

No Response – 8  
Legislative Changes – 1  
Litigation – 3  
Administrative Features of the System – 1

**How do you think each of these factors will affect loss costs?**

Increase System Costs – 3  
Decrease System Costs – 1  
No Response – 8

4. Although the Bureau does not propose, advocate or oppose public policy initiatives on behalf of its members, Bureau staff does from time-to-time attend public policy debates as an informational resource. In that capacity, it is helpful for us to be aware of desirable features and/or concerns regarding the existing Delaware workers compensation system from the standpoint of our members. Further, we may have occasional opportunities to convey our members' ideas about aspects of this system that could be amended to improve its operation.

**What feature(s) of the Delaware workers compensation system do you think would be particularly appropriate and/or helpful subjects for possible legislative review and revision toward the objectives of making Delaware's workers compensation system more equitable, affordable and/or predictable? Please include a brief description of the issue, citation of statutory section and/or case law precedent pertaining to the area of interest, and your suggestion(s) for change.**

Penalty Provisions of Delaware Law – 2

Stacking of Indemnity Benefits – 2

Implementation of Medical Cost Containment Tools – 6\*

Enhanced Settlement Authority – 1

Surgical Scarring Benefits – 1

Filings for Worsening of Condition – 1

Weekly Wage Calculations – 1

Applicability of Bad Faith Actions to Workers Compensation – 1

Contractor/Subcontractor Coverage Provisions – 1

No Response – 5

- \* Note – Medical cost containment features specifically mentioned by respondents include: fee schedule(s), employer-directed choice of provider/preferred provider arrangements, utilization review, reimbursement provisions for mileage required for medical treatment, means of submitting doctor testimony to Industrial Accident Board