



State of the Line Report

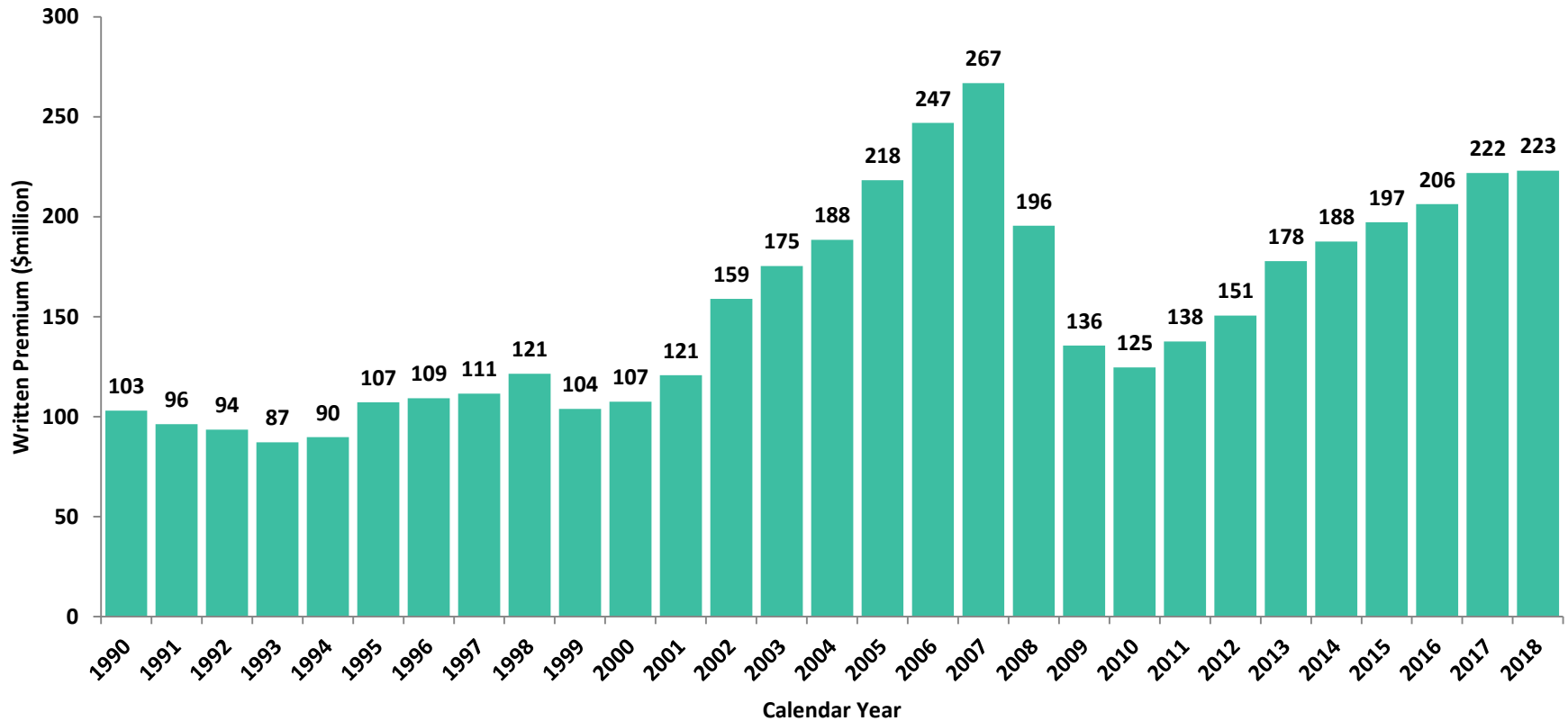
2019

Delaware Compensation Rating Bureau, Inc.

DCRB

Delaware Workers Compensation Insurance Market Results

Delaware Direct Written Premium

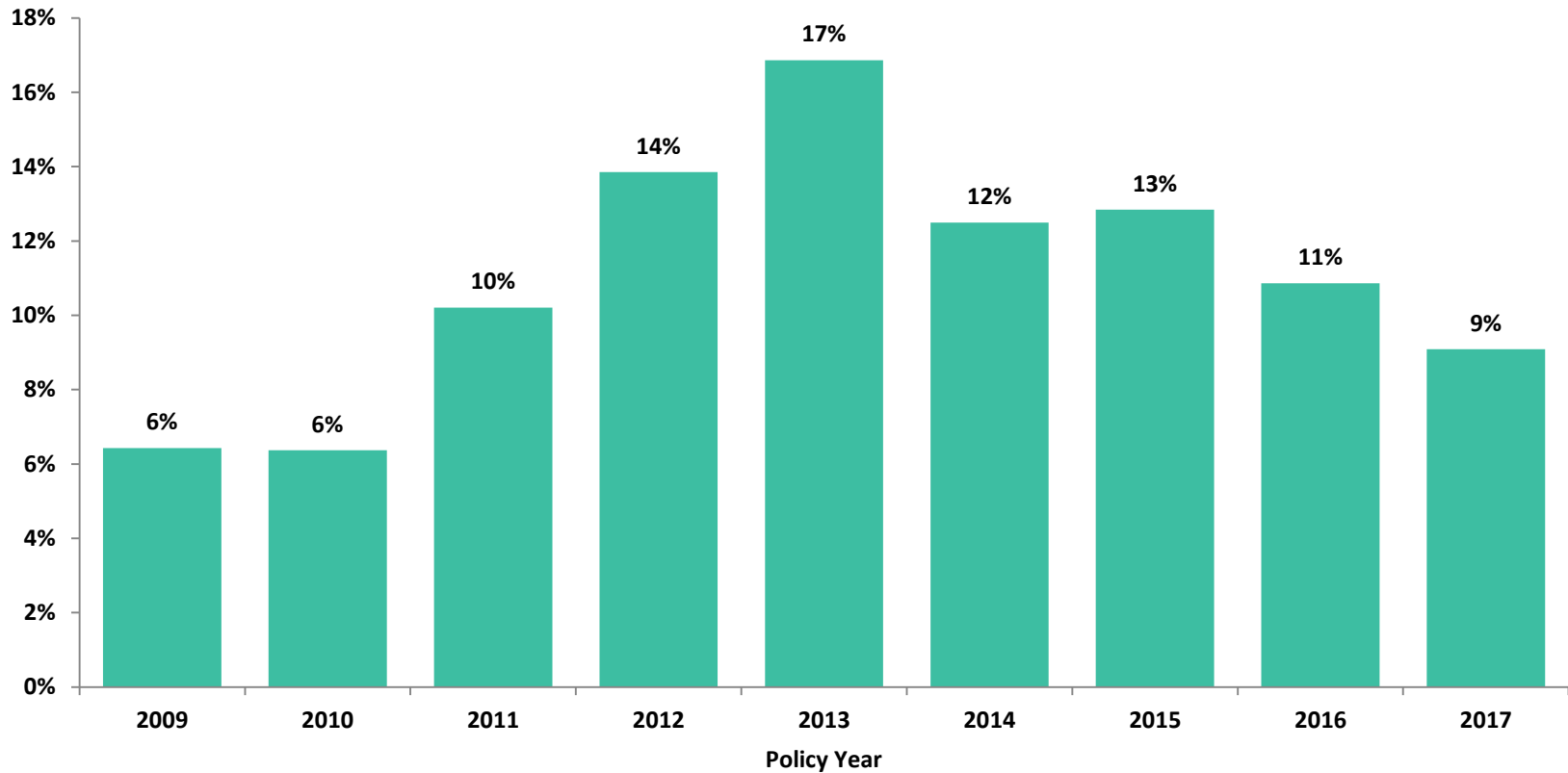


The level of written premium has fluctuated over the 29 years shown. Written Premium has increased each year since 2010.

Source:

A.M. Best, Inc.: Best's State/Line Report

Delaware Residual Market Share

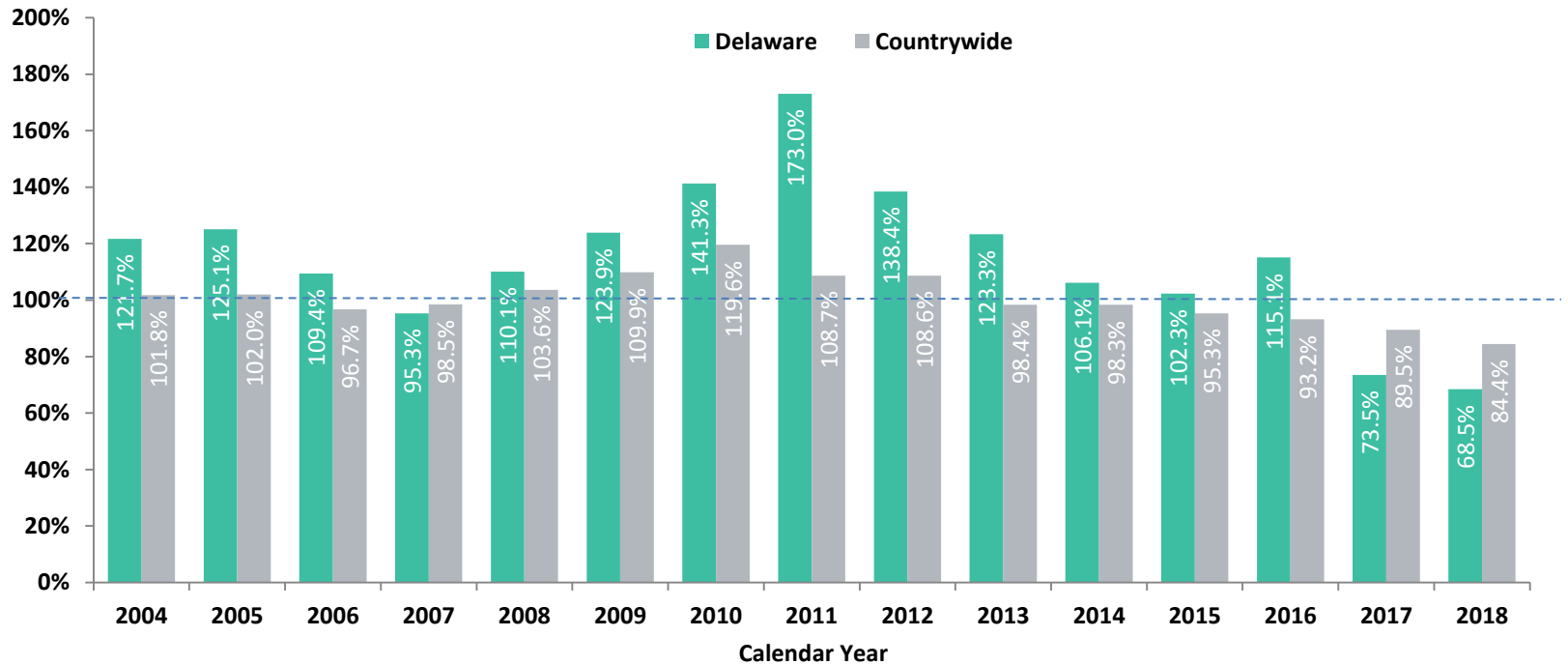


The residual market share is an indicator of the health of a state's Workers Compensation system. The residual market share in Delaware grew rapidly from 2010 to 2013, but has since dropped to 11% in 2016 and 9% in 2017.

Source:

DCRB Financial Data Calls as of 12/31/2018

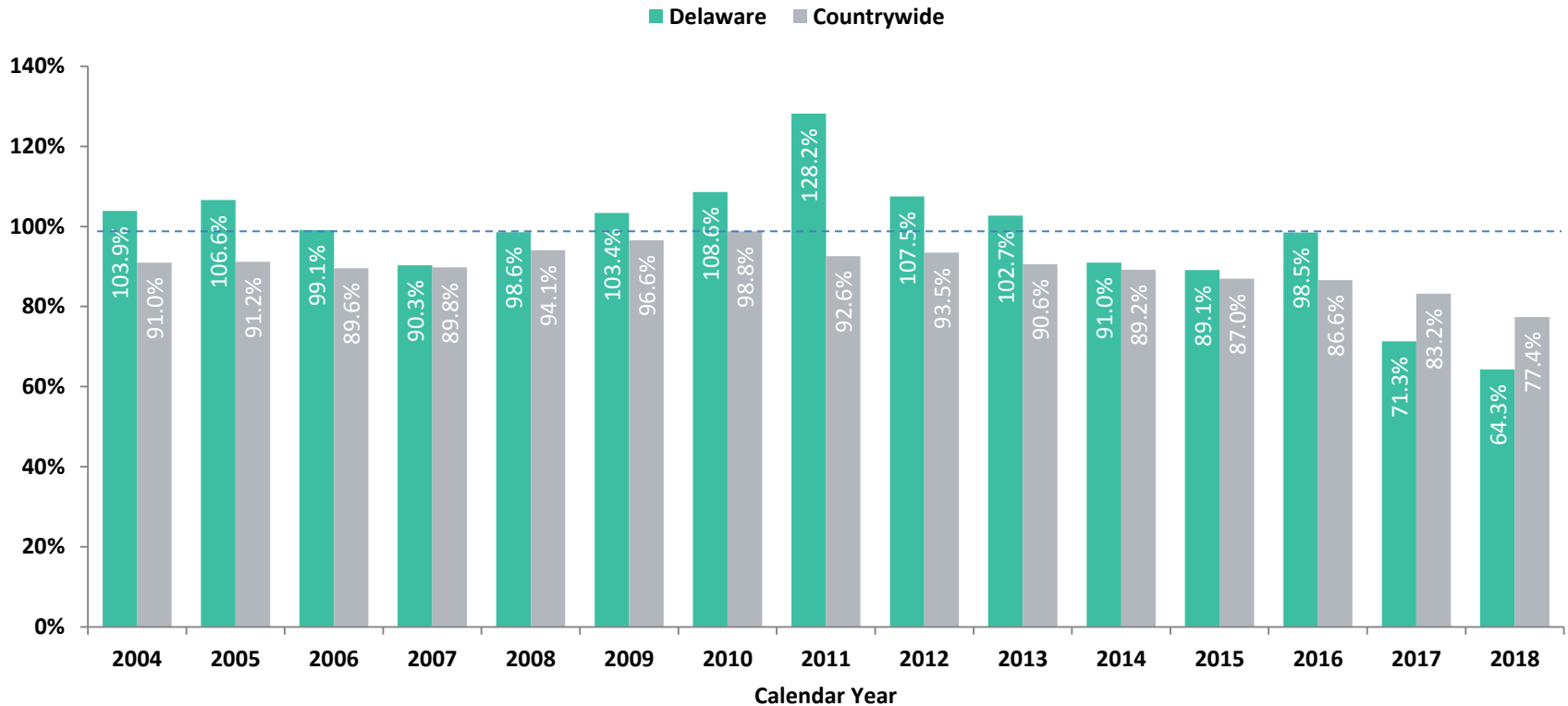
Combined Ratios Delaware and Countrywide



The Combined Ratio is the sum of the loss, LAE and underwriting expense ratios to premium, and does not include income from investments.

Source:
2019 NAIC Profitability by Line by State in 2018

After-tax Operating Ratios Delaware and Countrywide



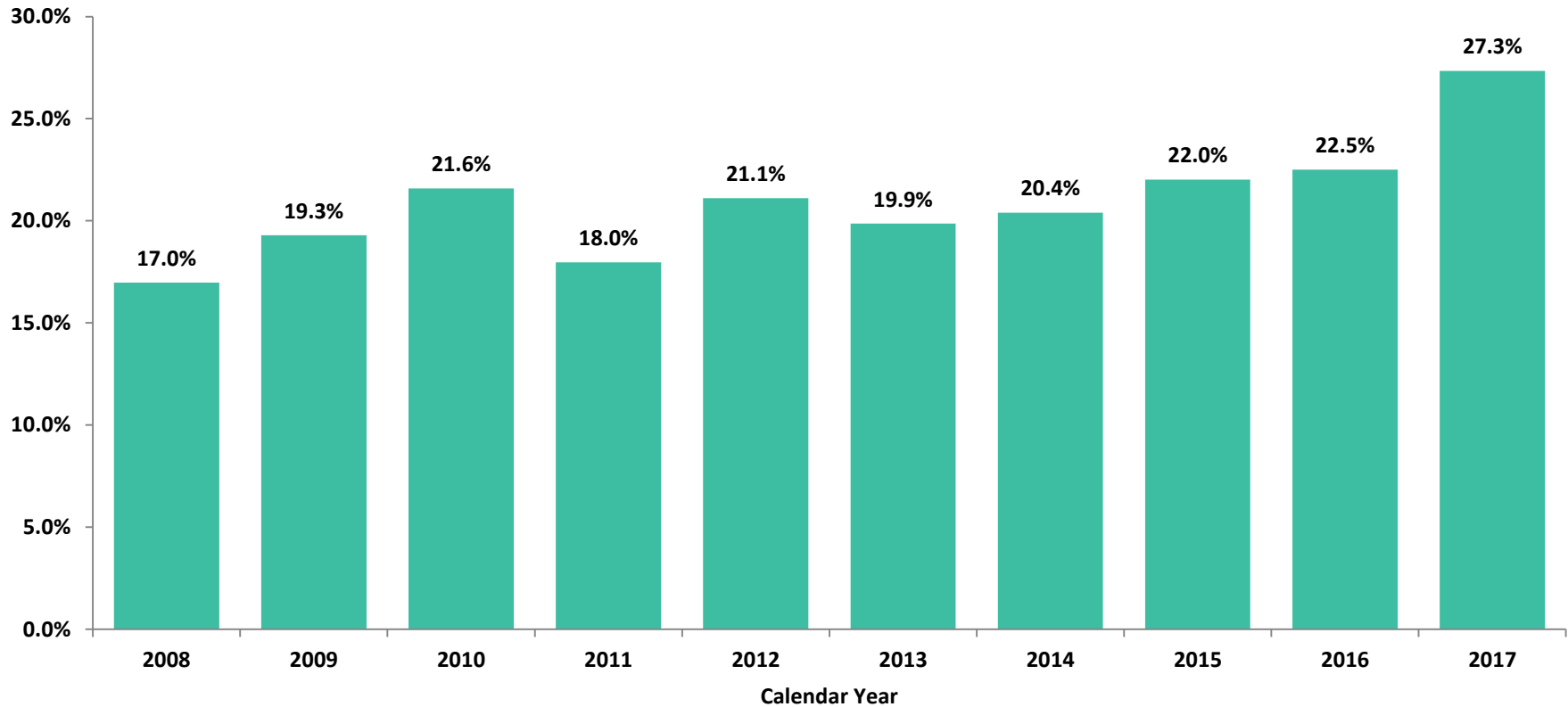
The After-tax Operating Ratio is the Combined Ratio less the Investment Gain on Insurance Transactions and a reduction for Federal Tax on Insurance Transactions. An operating ratio of less than 100 indicates an overall operating profit.

Source:

2019 NAIC Profitability by Line by State in 2018

Loss Costs and Market-wide Pricing

Delaware Loss Adjustment Expense Ratios



Loss adjustment expense (LAE) is expense associated with investigating and settling claims. LAE ratios to loss have increased since 2013.

Source:

DCRB Financial Data Calls as of 12/31/2018

Delaware ALAE and ULAE Ratios

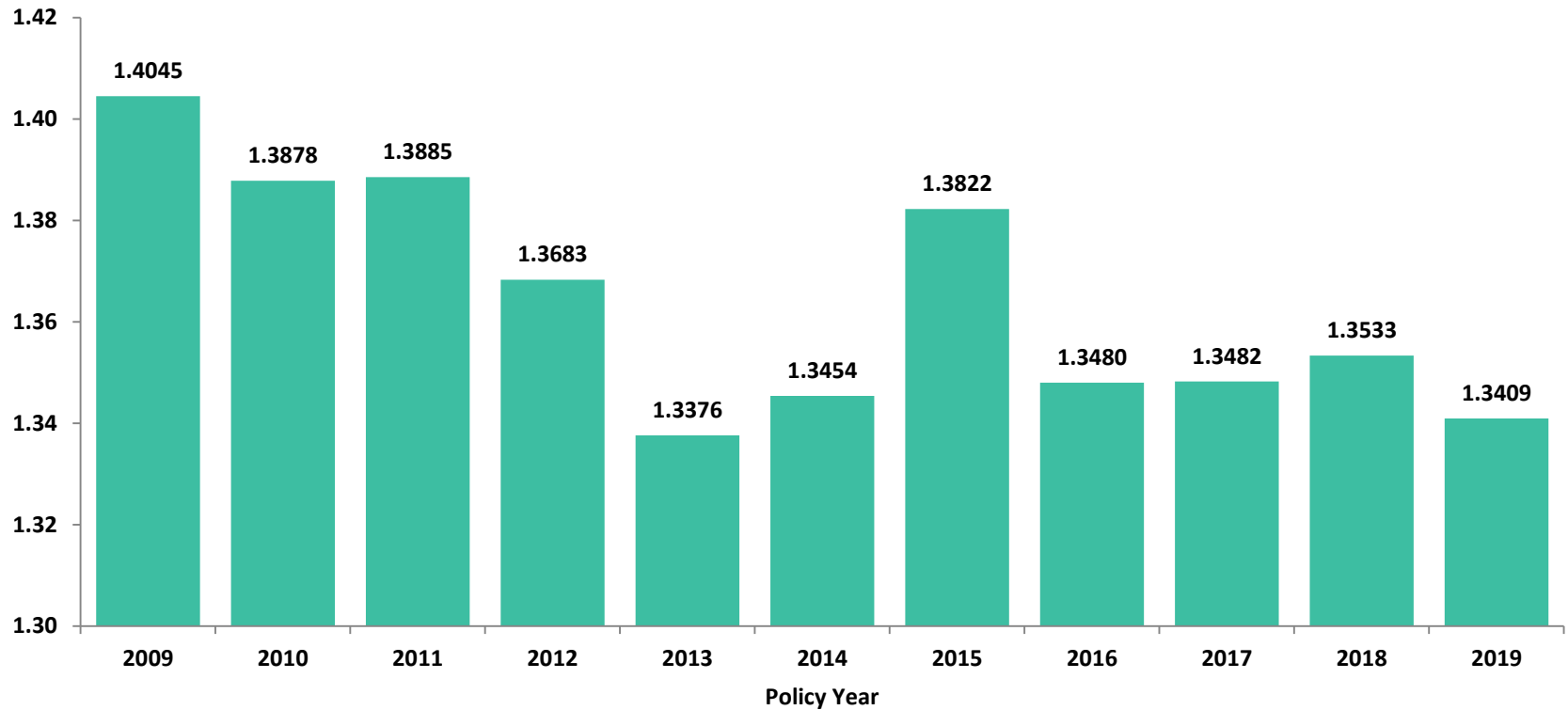


The portion of loss adjustment expense that can be assigned or allocated to specific claims is called allocated loss adjustment expense (ALAE), while the remainder is called unallocated loss adjustment expense (ULAE). Over the years shown, ALAE ratios have ranged from 11.5% to 20.9%, while ULAE ratios have ranged from 5.1% to 7.0%.

Source:

DCRB Financial Data Calls as of 12/31/2018

Delaware Average Loss Cost Multiplier



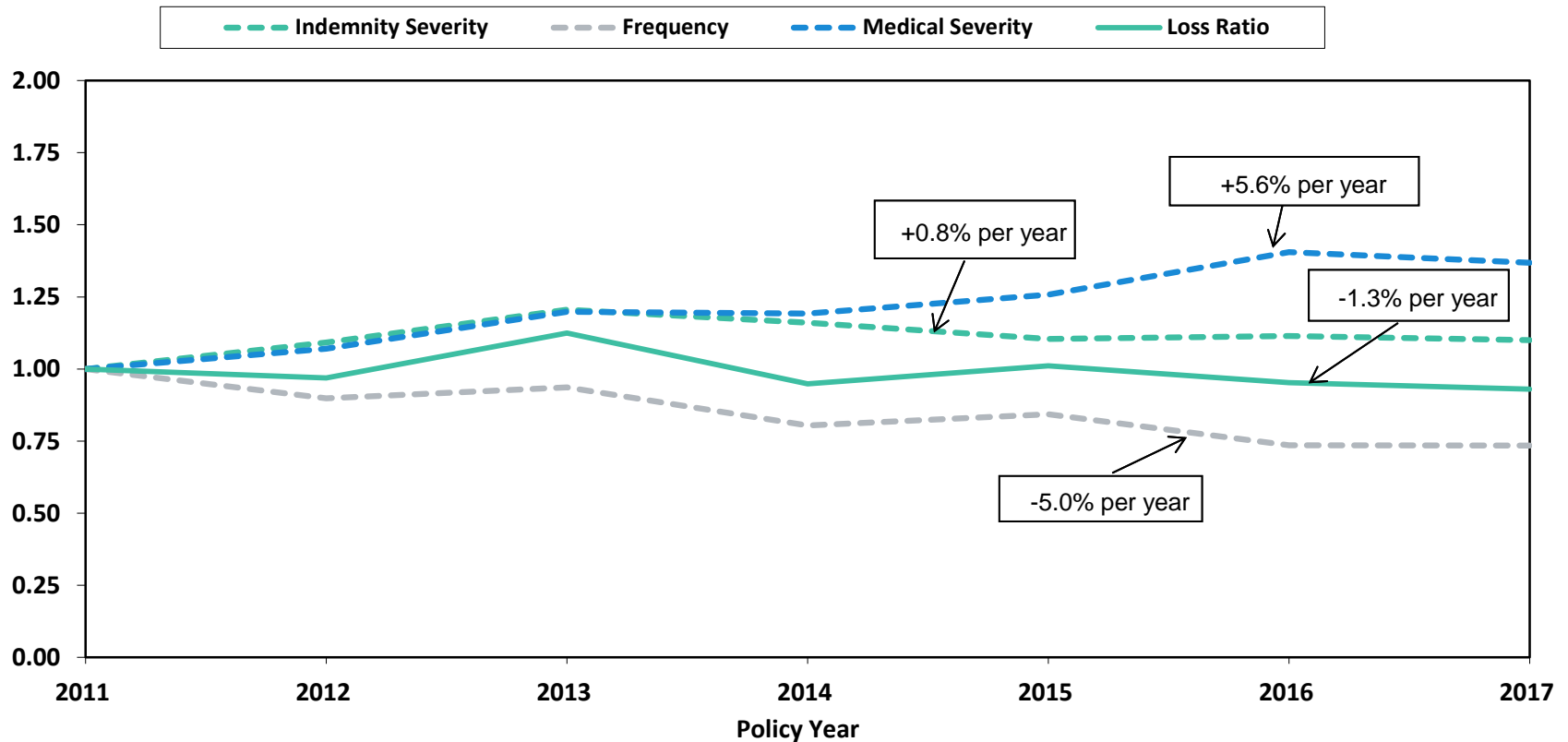
The Average Loss Cost Multiplier (LCM) is the ratio of Total Carrier Manual Premium to Total Loss Costs at DCRB Level, as reported to the DCRB. It represents the average LCM, weighted by loss costs. Carriers must file their LCMs with the Insurance Department to convert DCRB loss costs, which are comprised of loss and loss adjustment expense, into manual rates, including underwriting expenses, a provision for profit and contingencies, and any deviation to reflect differences in loss experience.

Source:
DCRB Market Profile Reports

Claim Frequency and Severity Trends

Delaware Loss Components

Frequency, Indemnity Severity, Medical Severity

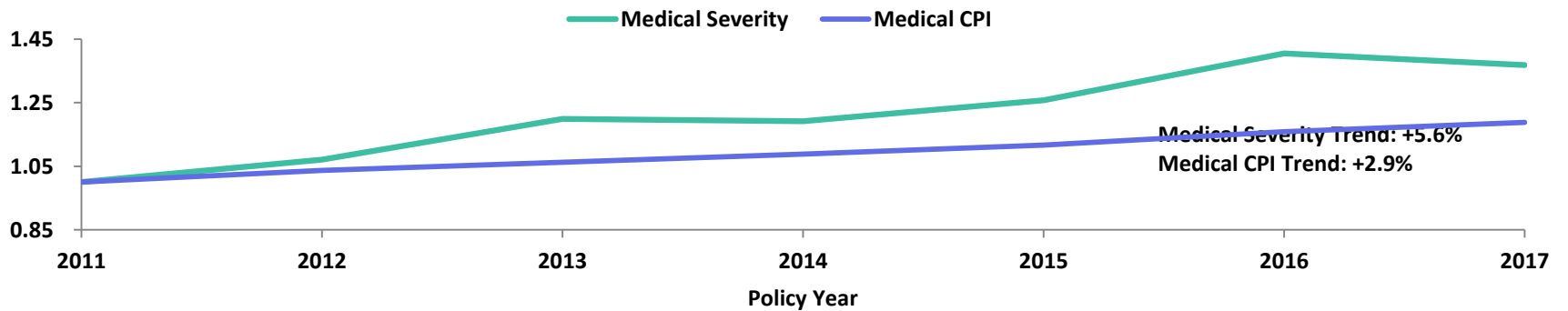
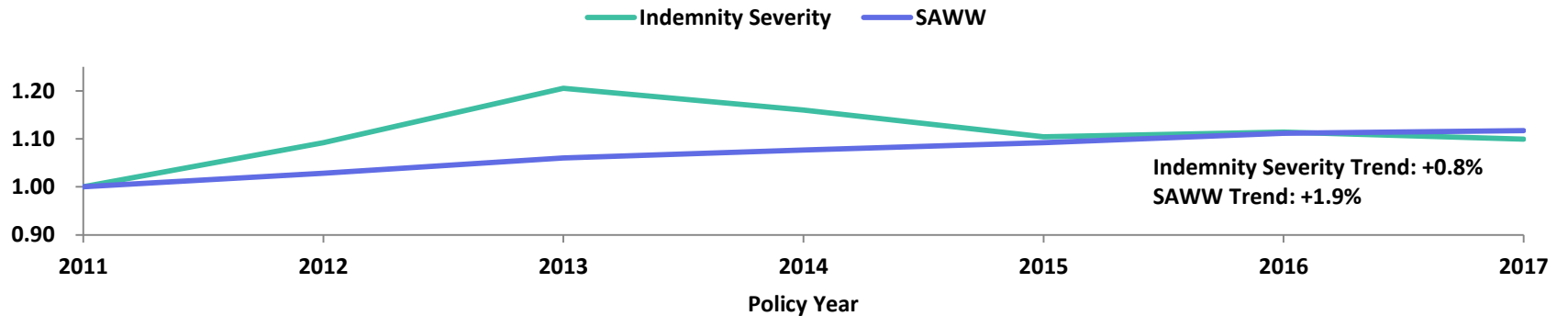


The combined impact of Frequency Trend, -5.0%, Indemnity Severity Trend, +0.8%, and Medical Severity Trend, +5.6%, is a Loss Ratio Trend of -1.3%.

Indexed to 1.00 at Policy Year 2011

Source:
DCRB 2019 Rate Revision

Delaware Severity and Broad Cost Indices



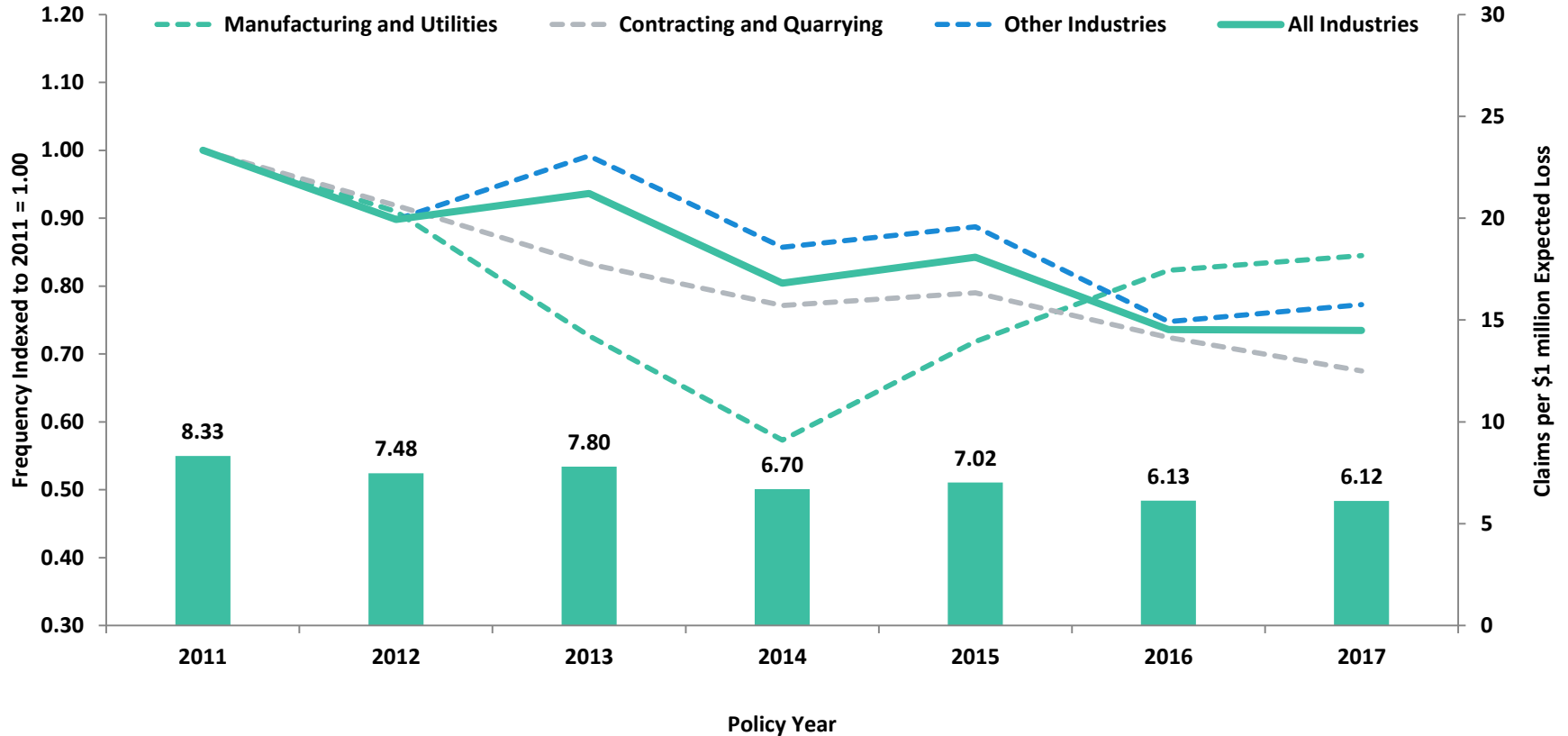
Changes in indemnity severity appear to be lower than the changes in the state's average weekly wage. Medical severity has generally increased at a faster rate than the Medical Consumer Price Index.

Indexed to 1.00 at Policy Year 2011

Sources:

- DCRB 2019 Rate Revision
- DE Department of Labor
- US Bureau of Labor Statistics

Claim Frequency Trend in Total and by Industry Group



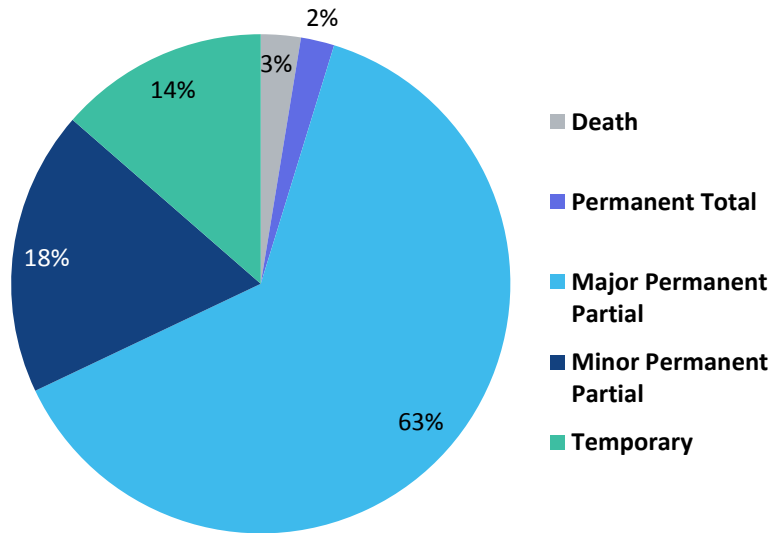
Notes: Excludes large deductible business
 Claim frequency is measured by the number of claims at first report level per \$1 million of expected losses.
 Decreasing frequency contributes to reductions in statewide loss cost levels.
 Indexed to 1.00 at Policy Year 2011

Source:
 DCRB 2019 Rate Revision

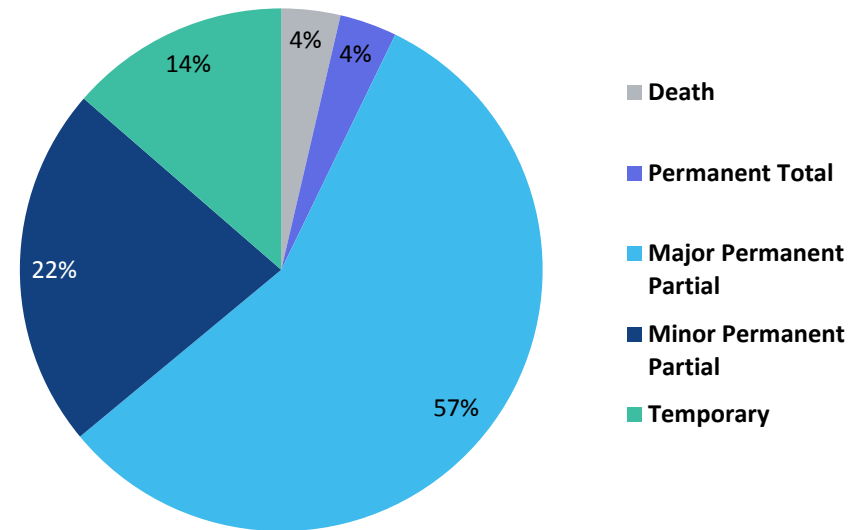
Distributions of the Delaware Workers Compensation System

Indemnity Benefits by Type of Injury

5 Policy Year Average (2008-2012)



5 Policy Year Average (2012-2016)



Over these time periods, the portion of indemnity benefits attributable to Major Permanent Partial injuries decreased by 6 percentage points, while the portion attributable to Death, Permanent Total and Minor Permanent Partial injuries increased by 1, 2 and 4 percentage points, respectively.

Based on losses developed to ultimate values.

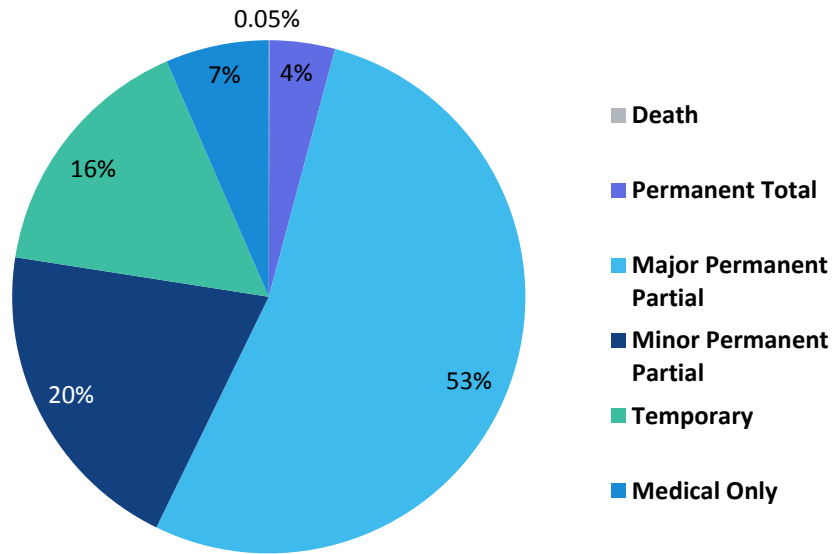
Sources:

2008-2012: Delaware 2015 Rate Revision

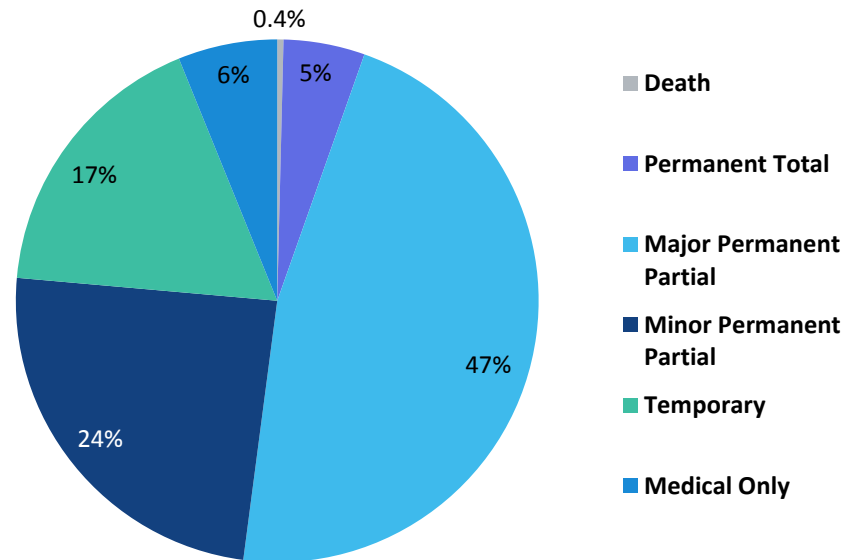
2012-2016: Delaware 2019 Rate Revision

Medical Benefits by Type of Injury

5 Policy Year Average (2008-2012)



5 Policy Year Average (2012-2016)



Over these time periods, the portion of medical benefits attributable to Major Permanent Partial and Medical Only injuries decreased by 6 and 1 percentage points, respectively. The portion attributable to Permanent Total, Minor Permanent Partial and Temporary injuries increased by 1, 4 and 1 percentage points, respectively.

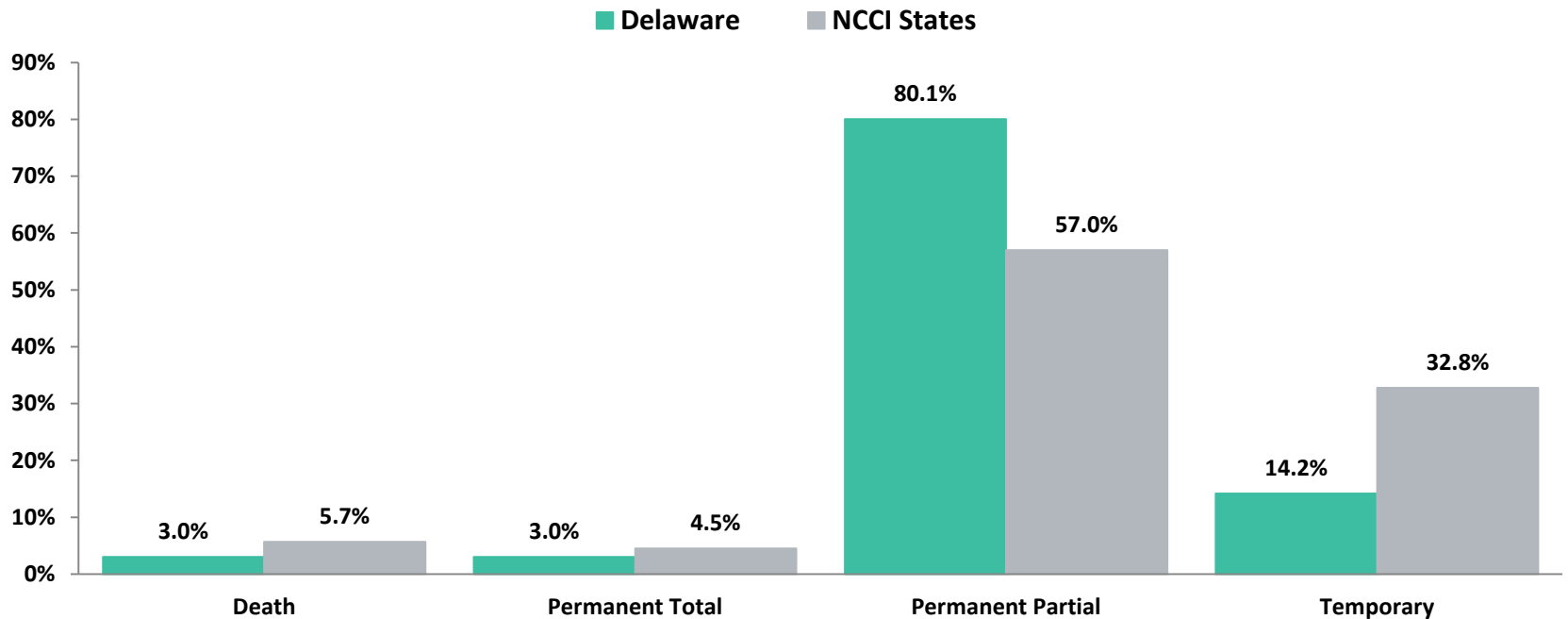
Based on losses developed to ultimate value.

Sources:

2008-2012: Delaware 2015 Rate Revision

2012-2016: Delaware 2019 Rate Revision

Ultimate Indemnity Benefits by Type of Injury



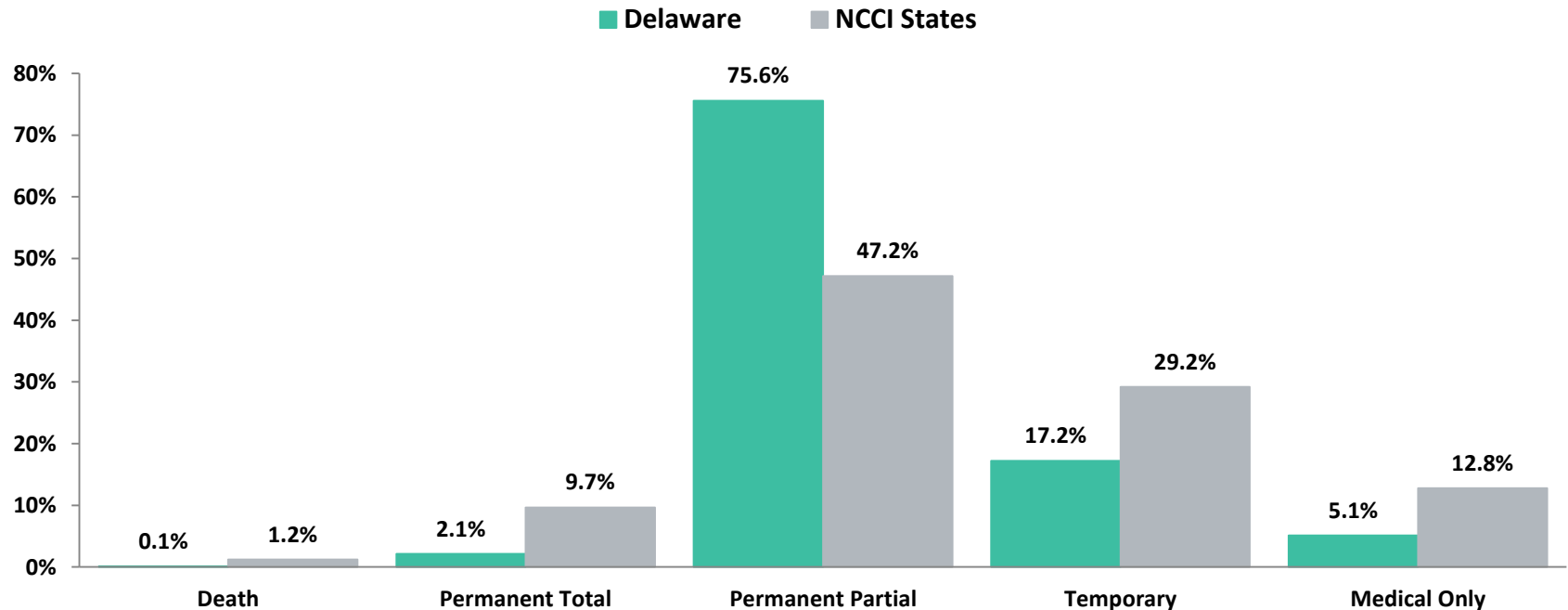
Delaware has a higher percentage of Permanent Partial benefits and a lower percentage of Temporary benefits in comparison to the NCCI states.

Sources:

DCRB 2019 Rate Revision

NCCI States: 2019 Annual Statistical Bulletin

Ultimate Medical Benefits by Type of Injury



The largest component of medical costs is payments for Permanent Partial (approximately three fourths of total medical costs). The NCCI States have higher percentages of Death, Permanent Total, Temporary and Medical Only losses while Delaware has a higher percentage of Permanent Partial claims.

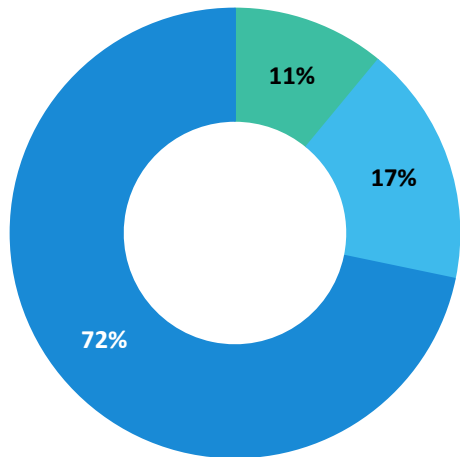
Sources:

DCRB 2019 Rate Revision

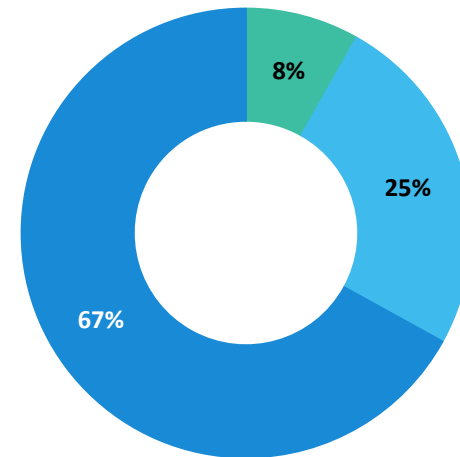
NCCI States: 2019 Annual Statistical Bulletin

Premium and Loss by Industry Group

Standard Premium



Reported Losses



1 - Manufacturing

2 - Contracting

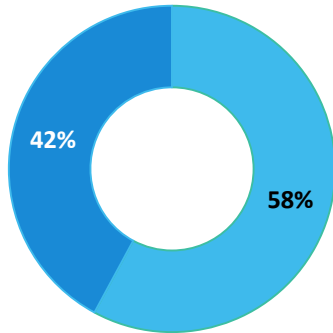
3 - Other

Source:
DCRB 2019 Rate Revision, Policy Year 2016

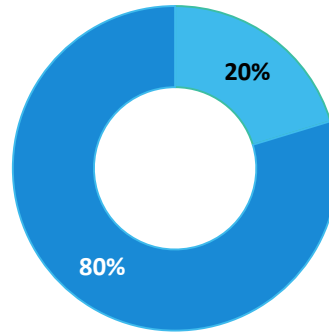
Premium and Loss by Industry Group

Standard Premium

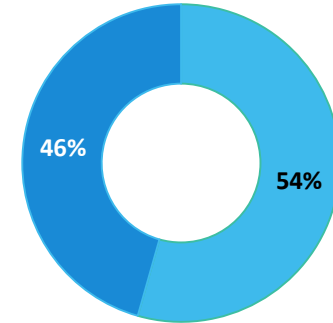
Manufacturing



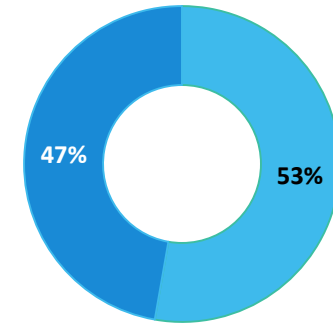
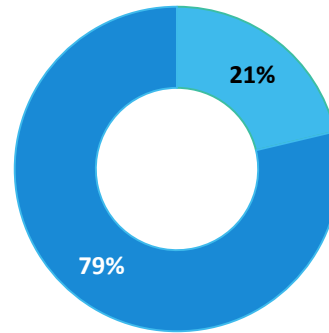
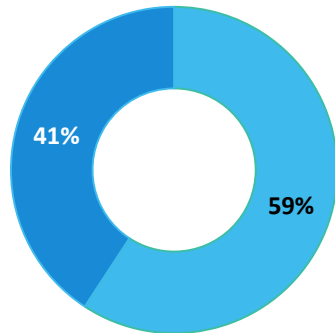
Contracting



Other



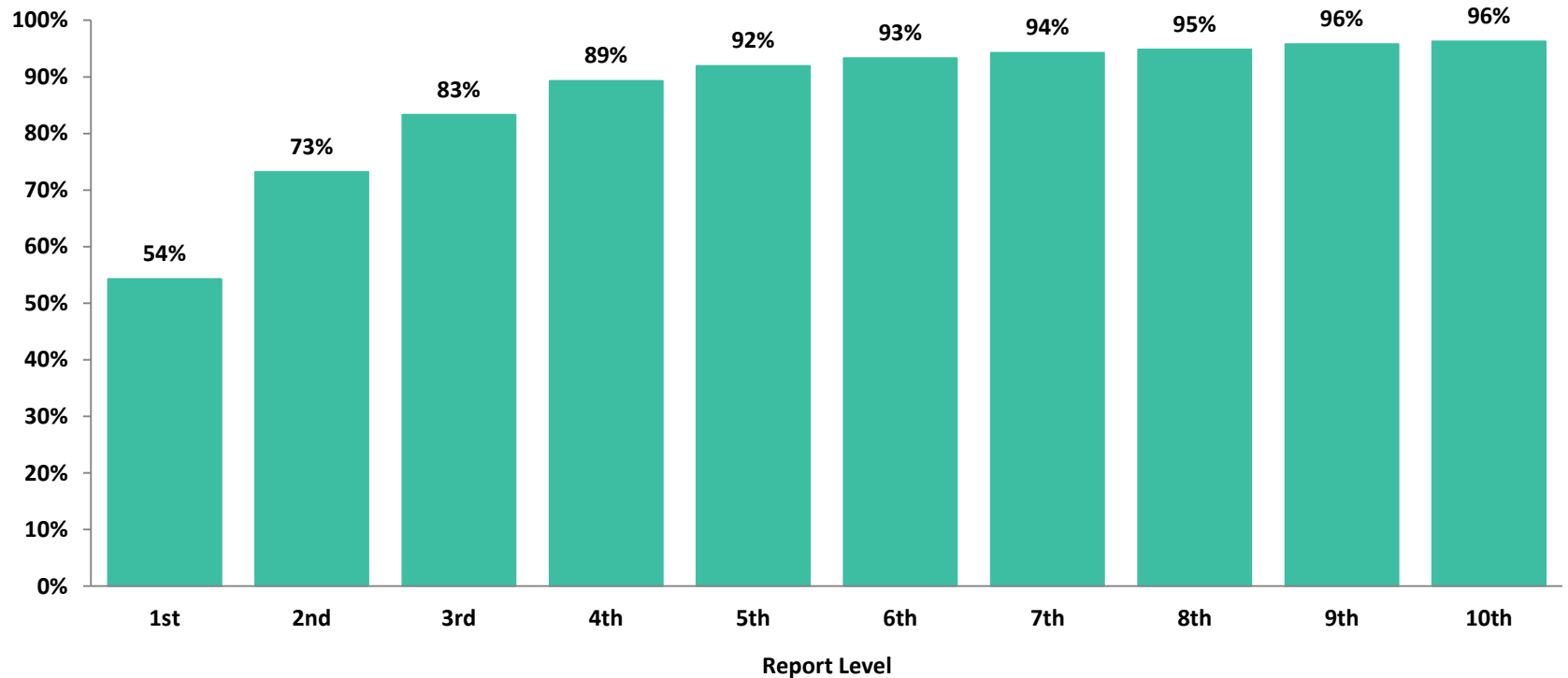
Reported Losses



 Excluding Deductible Policies  Deductible Policies

Measures of Claim Reporting

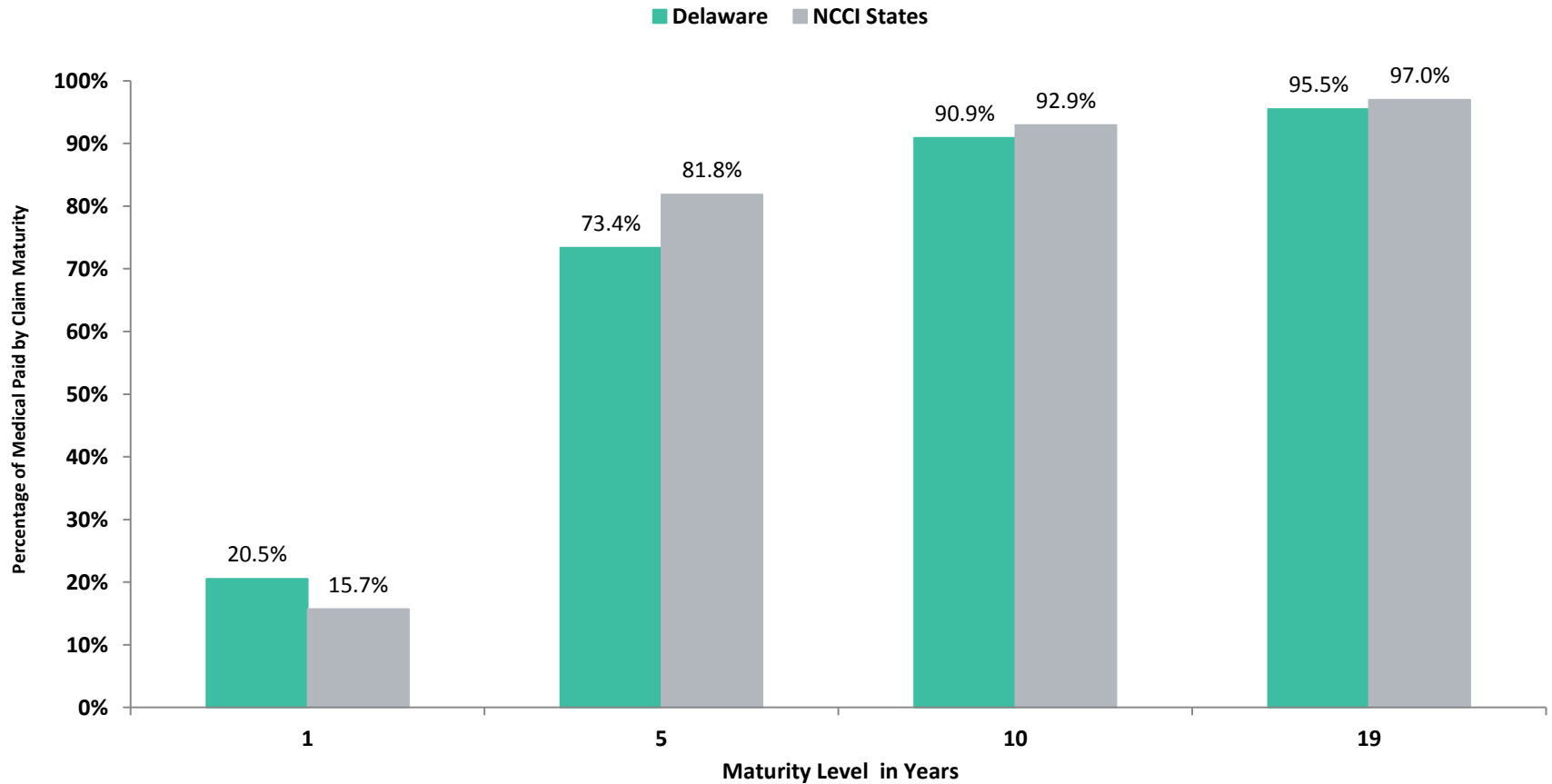
Portion of Reported Indemnity Claims Closed



The rate at which claims are settled and closed impacts the ultimate claim costs. The chart shows the percentage of indemnity claims that are closed at each report level. Approximately 8% of indemnity claims remain open at 5th report.

Source:
DCRB 2019 Rate Revision

Portion of Ultimate Indemnity Loss Paid by Claim Maturity

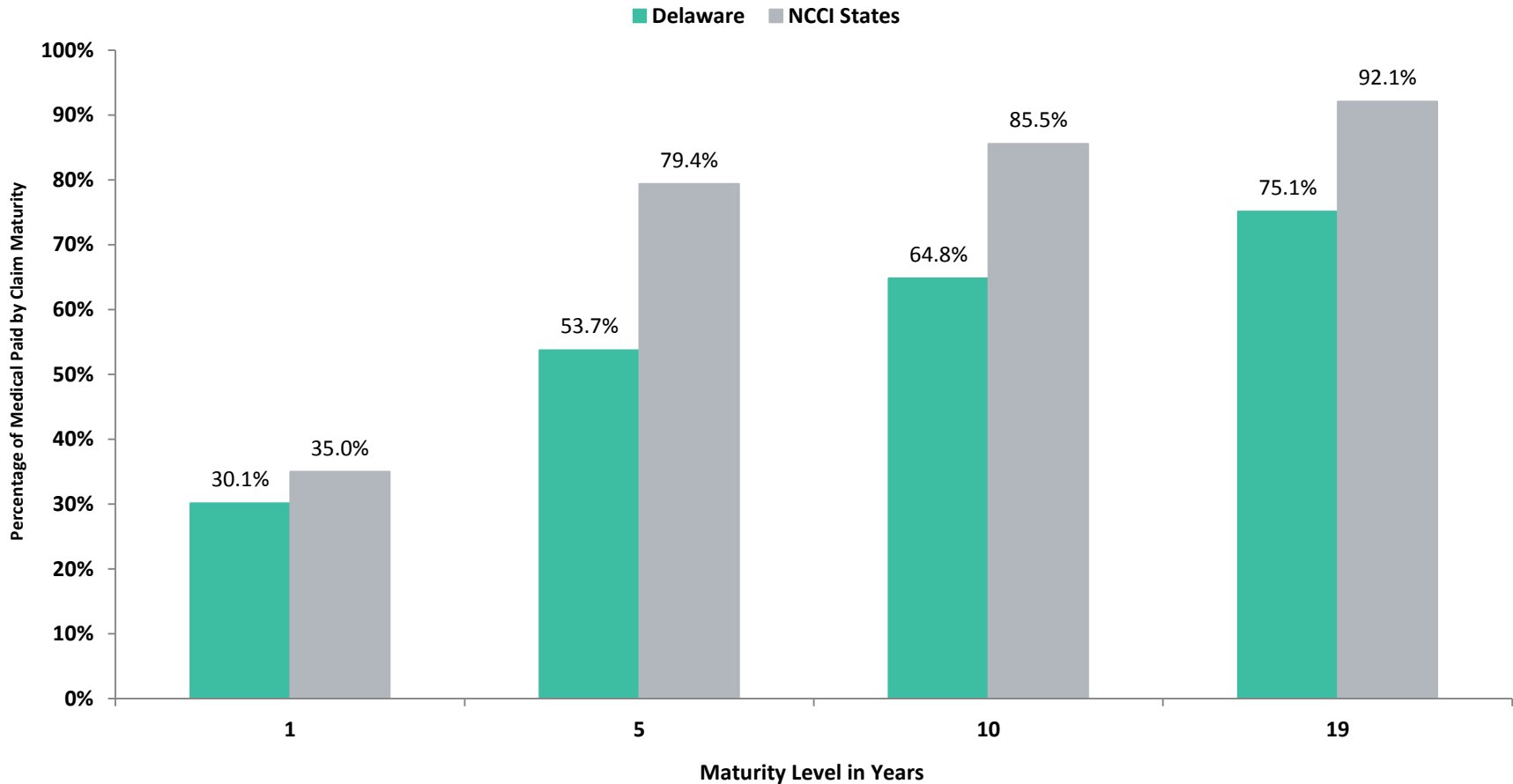


Sources:

DCRB 2019 Rate Revision, on a Policy Year basis

NCCI States: April, 2020. Annual Statistical Bulletin, Interim Exhibits, on an Accident Year basis

Portion of Ultimate Medical Loss Paid by Claim Maturity

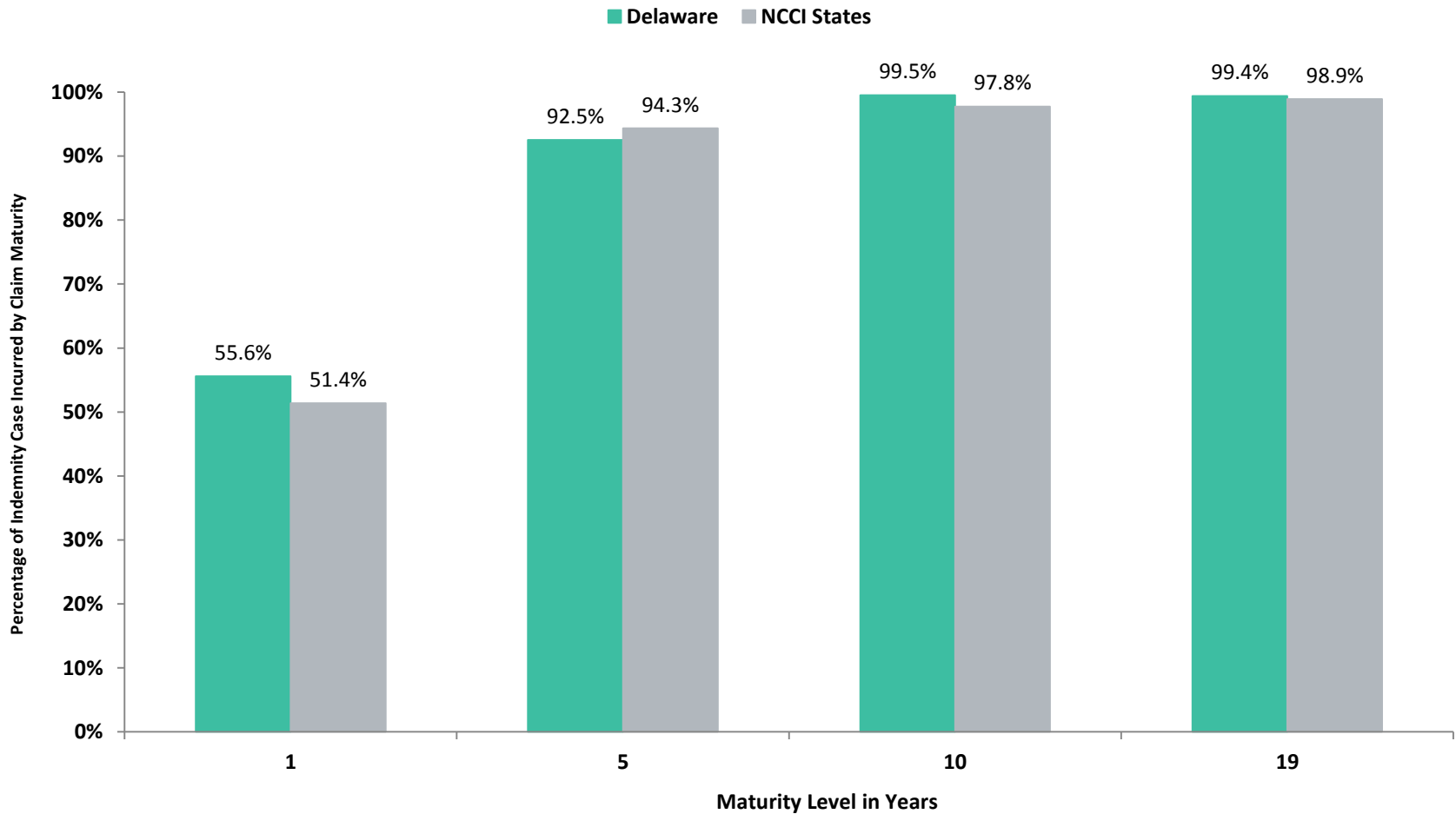


Sources:

DCRB 2019 Rate Revision, on a Policy Year basis

NCCI States: April, 2020. Annual Statistical Bulletin, Interim Exhibits, on an Accident Year basis

Portion of Ultimate Indemnity Case Incurred by Claim Maturity

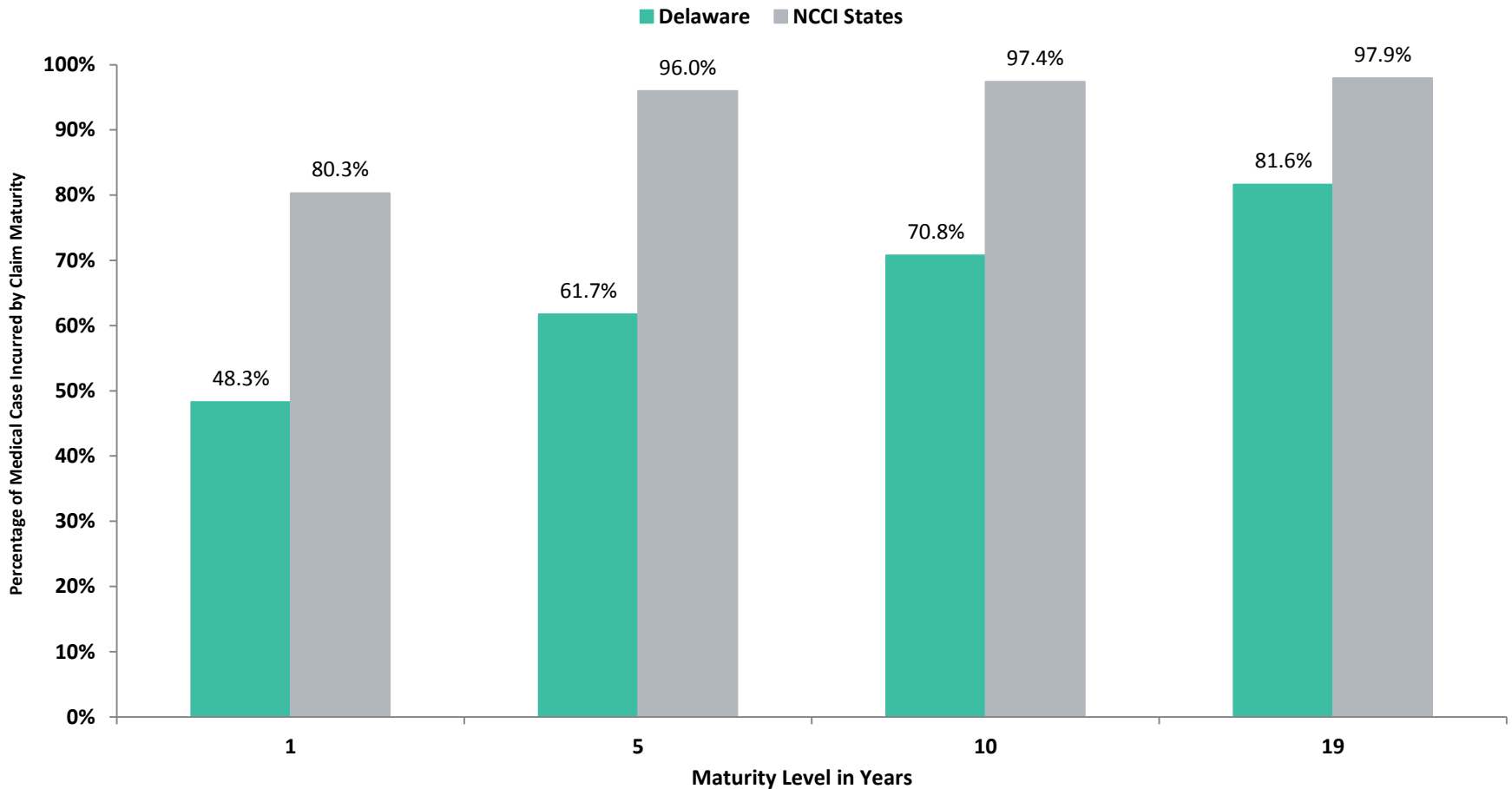


Sources:

DCRB 2019 Rate Revision, on a Policy Year basis

NCCI States: April, 2020. Annual Statistical Bulletin, Interim Exhibits, on an Accident Year basis

Portion of Ultimate Medical Case Incurred by Claim Maturity



Sources:

DCRB 2019 Rate Revision, on a Policy Year basis

NCCI States: April, 2020. Annual Statistical Bulletin, Interim Exhibits, on an Accident Year basis