

DELAWARE COMPENSATION RATING BUREAU, INC.
DELAWARE CONSTRUCTION CLASSIFICATION
PREMIUM ADJUSTMENT PROGRAM (DCCPAP)

The DCCPAP is used in Delaware as a means of addressing construction employers' concerns regarding the effects of wage differentials on workers compensation premiums. The program establishes a set of tabular premium credits given to employers engaged in the construction trades and who have paid wages in excess of minimum qualifying levels.

The DCCPAP is intended to be a means of redistributing a portion of workers compensation insurance premiums between lower-wage and higher-wage employers. The procedure is consistent with that used to develop the factors which are a part of the current loss costs.

The DCRB has assembled 2020 Policy Year experience data which provides historical measures of the extent to which employers in each eligible classification have qualified for DCCPAP credits, and the magnitude of credits granted under this program. The attached exhibit presents the staff analysis of this experience, and derives a proposed set of DCCPAP loadings to maintain the intended balance within the affected classifications. A brief description of page 14.1 of the attached exhibit follows:

Column (1) - Class: The numeric designation of each classification eligible for DCCPAP credit.

Column (2) - # of Policies (Total): The number of policies reported in each class, whether or not those policies applied for or received DCCPAP credit.

Column (3) - # of Policies (DCCPAP): The number of policies qualified for DCCPAP credit for the 2020 policy term.

Column (4) - Payroll (Total): The payroll attributable to the policies reported in column (2).

Column (5) - Payroll (DCCPAP): The payroll attributable to policies reported in column (3).

Column (6) - DCCPAP Policy Premium, Pre-DCCPAP: The Standard Premium which would have applied to qualifying DCCPAP policies ABSENT the tabular DCCPAP credit for those policies. The current DCCPAP load on Manual Rates is omitted from this calculation.

Column (7) - DCCPAP Policy Premium, Post-DCCPAP: The Standard Premium attributable to qualifying DCCPAP policies, reflecting the tabular DCCPAP. The current DCCPAP load on Manual Rates is omitted from this calculation.

DELAWARE CONSTRUCTION CLASSIFICATION
PREMIUM ADJUSTMENT PROGRAM (DCCPAP)
(continued)

Columns (8) and (9) - Non-DCCPAP Policy Premium: The Standard Premium attributable to policies which did not qualify for DCCPAP credit in 2019. The current DCCPAP load on Manual Rates is omitted from this calculation.

Column (10) - Indicated Surcharge: The ratio of Pre-DCCPAP premiums for both qualifying and non-qualifying policies to Post-DCCPAP premiums for those same policies. This is computed as $(\text{Column (6)} + \text{Column (8)}) / (\text{Column (7)} + \text{Column (9)})$.

Column (11) - Average DCCPAP Credit: For qualifying policies, the average credit given in 2020. For example, an average credit of 0.1676 indicates that the average qualifying risk in Code 601 received a 16.76 percent reduction in standard premium by operation of the DCCPAP plan's tabular credit. This is computed as $(1.00 - (\text{Column (7)} / \text{Column (6)}))$.

Column (12) - Class "Z": This is the credibility assigned each classification's indicated DCCPAP surcharge. The partial credibility formula is the square root of (the number of policies divided by 220, the standard for full credibility). Staff perceives the use of total policies to be more appropriate where large portions of a class have not historically qualified for DCCPAP credit.

Column (13) - Formula Surcharge: The credibility-weighted classification loadings for DCCPAP credits. The calculation uses the following values:

$\text{Column (10)} \times \text{Column (12)} + (1.00 - \text{Column (12)}) \times \text{Average Column (10)}$
where Average Column (10) = Associated Direct Employment class Column (13) for Temporary Staffing (26XX) classes

Bottom of Column (13) - Test Correction Factor (TCF): The test correction factor necessary to balance credibility-weighted surcharges across all classifications to the overall indicated surcharge of 4.81 percent.

Column (14) - Final Surcharge: The product of the TCF and the formula surcharges (Column (13)) by classification.

Pages 14.2 and 14.3 show a comparison of the current to the proposed surcharges by classification.

Page 14.4 presents the derivation of the minimum eligibility wage for 6/1/23 based on changes in the statewide average weekly wage (SAWW). Those changes are expressed relative to the January 1, 1998 Table. Note that the calculations assume an **effective date of June 1, 2024** for the proposed table. **Please note that the proposed (effective 6/1/23) minimum eligibility wage has increased from \$23.85 to \$25.45. Staff is therefore proposing an increase to the wage table.**

Page 14.5 shows the current and proposed Wage Tables.

DCCPAP Manual Rate Surcharges

'For Policy Effective Dates 01/01/20 Through 12/31/20

100% Credibility = 220 Policies

Partial Credibility = $\sqrt{\text{(# of Policies / 220)}}$

Class	# of Policies (Total) (2)	# of Policies (DCCPAP) (3)	Payroll (Total) (4)	Payroll (DCCPAP) (5)	***DCCPAP Policies***		**Non-DCCPAP Policies**		Indicated Surcharge (10)	Average DCCPAP Credit (11)	Class "Z" (12)	Formula Surcharge (13)	Final Surcharge (14)
					Premium Pre-DCCPAP (6)	Premium Post-DCCPAP (7)	Premium Pre-DCCPAP (8)	Premium Post-DCCPAP (9)					
601	55	16	44,212,921	19,927,497	1,274,497	1,060,928	1,757,981	1,757,981	1.0758	0.1676	0.50	1.0620	1.0578
603	39	13	12,607,404	4,170,078	267,222	223,416	551,190	551,190	1.0566	0.1639	0.42	1.0517	1.0475
605	10	0	477,115	0	0	0	36,003	36,003	1.0000	N/A	0.21	1.0380	1.0481
607	28	1	10,202,426	10,839	372	279	494,524	494,524	1.0002	0.2500	0.36	1.0309	1.0268
608	196	42	60,505,793	25,364,168	1,344,945	1,111,774	1,554,436	1,554,436	1.0875	0.1734	0.94	1.0851	1.0808
609	181	32	96,552,702	44,133,479	1,916,769	1,579,528	2,247,101	2,247,101	1.0881	0.1759	0.91	1.0845	1.0802
611	11	1	1,282,845	8,989	802	601	109,556	109,556	1.0018	0.2506	0.22	1.0379	1.0337
615	0	0	0	0	0	0	0	0	1.0000	N/A	0.00	1.0481	1.0481
617	36	10	20,098,513	4,812,019	179,985	155,151	717,014	717,014	1.0285	0.1380	0.40	1.0403	1.0361
625	24	6	5,632,563	1,199,427	67,874	60,436	210,195	210,195	1.0275	0.1096	0.33	1.0413	1.0371
643	13	2	3,305,836	76,055	9,251	7,923	342,097	342,097	1.0038	0.1436	0.24	1.0375	1.0334
645	121	14	16,043,961	4,892,725	298,554	239,063	661,125	661,125	1.0661	0.1993	0.74	1.0614	1.0572
646	45	3	5,091,530	1,038,710	50,719	41,467	241,024	241,024	1.0328	0.1824	0.45	1.0412	1.0370
647	34	3	14,521,975	253,999	19,921	17,793	1,348,075	1,348,075	1.0016	0.1068	0.39	1.0300	1.0259
648	119	10	15,325,354	2,587,977	140,345	116,112	642,916	642,916	1.0319	0.1727	0.74	1.0361	1.0320
649	38	10	7,053,186	3,011,613	132,327	108,501	151,946	151,946	1.0915	0.1801	0.42	1.0663	1.0620
651	216	35	40,249,089	14,605,474	721,465	604,036	1,421,951	1,421,951	1.0580	0.1628	0.99	1.0579	1.0537
652	502	23	46,677,541	5,219,057	458,719	399,002	3,514,436	3,514,436	1.0153	0.1302	1.00	1.0153	1.0112
653	118	18	22,862,793	5,438,723	342,968	285,182	1,129,392	1,129,392	1.0409	0.1685	0.73	1.0428	1.0386
654	97	12	19,493,830	6,383,040	527,246	399,325	608,170	608,170	1.1270	0.2426	0.66	1.1002	1.0958
655	43	3	17,083,145	693,522	89,972	78,538	2,068,637	2,068,637	1.0053	0.1271	0.44	1.0293	1.0252
656	25	0	10,249,626	0	0	0	669,363	669,363	1.0000	N/A	0.34	1.0317	1.0481
657	6	0	287,276	0	0	0	24,658	24,658	1.0000	N/A	0.17	1.0399	1.0481
658	29	4	5,454,410	998,091	78,619	69,409	370,198	370,198	1.0210	0.1171	0.36	1.0383	1.0341
659	95	6	9,849,515	2,238,205	328,244	275,082	1,321,863	1,321,863	1.0333	0.1620	0.66	1.0383	1.0341
660	106	6	41,300,378	3,394,191	69,194	55,789	763,279	763,279	1.0164	0.1937	0.69	1.0262	1.0221
661	305	36	127,049,023	36,086,617	1,115,816	896,558	2,333,451	2,333,451	1.0679	0.1965	1.00	1.0679	1.0636
662	53	0	7,956,150	0	0	0	449,637	449,637	1.0000	N/A	0.49	1.0245	1.0481
663	306	39	110,773,276	32,098,709	1,161,119	967,039	2,905,740	2,905,740	1.0501	0.1671	1.00	1.0501	1.0459
664	264	47	115,682,985	43,212,991	1,796,534	1,418,822	2,894,000	2,894,000	1.0876	0.2102	1.00	1.0876	1.0832
665	176	11	17,629,538	2,889,710	182,213	155,398	1,018,887	1,018,887	1.0228	0.1472	0.89	1.0256	1.0215
666	29	3	3,134,363	630,665	43,421	34,562	184,634	184,634	1.0404	0.2040	0.36	1.0453	1.0411
667	13	2	3,223,038	1,395,643	26,557	22,229	39,751	39,751	1.0698	0.1630	0.24	1.0533	1.0491
668	46	3	4,020,519	947,778	76,006	63,997	232,921	232,921	1.0404	0.1580	0.46	1.0446	1.0404
669	3	2	420,593	410,593	32,777	30,575	704	704	1.0704	0.0672	0.12	1.0508	1.0466
670	51	2	8,577,779	812,781	59,448	54,691	478,439	478,439	1.0089	0.0800	0.48	1.0293	1.0252
673	21	0	3,193,788	0	0	0	203,147	203,147	1.0000	N/A	0.31	1.0332	1.0481
674	18	0	2,753,837	0	0	0	147,581	147,581	1.0000	N/A	0.29	1.0342	1.0481
675	227	14	103,083,718	8,827,406	326,519	272,563	3,040,020	3,040,020	1.0163	0.1652	1.00	1.0163	1.0122
676	38	5	9,800,565	3,054,037	169,660	148,651	328,564	328,564	1.0440	0.1238	0.42	1.0464	1.0422
677	7	0	17,499,541	0	0	0	620,443	620,443	1.0000	N/A	0.18	1.0394	1.0481
679	5	0	219,630	0	0	0	18,860	18,860	1.0000	N/A	0.15	1.0409	1.0481
681	9	0	887,374	0	0	0	56,043	56,043	1.0000	N/A	0.20	1.0385	1.0481
2609	4	0	251,216	0	0	0	10,884	10,884	1.0000	N/A	0.13	1.0735	1.0692
2651	8	0	470,705	0	0	0	26,533	26,533	1.0000	N/A	0.19	1.0469	1.0427
2661	10	0	932,503	0	0	0	26,068	26,068	1.0000	N/A	0.21	1.0536	1.0494
Total	3,780	434	1,063,981,868	280,824,808	13,310,080	10,954,420	37,973,437	37,973,437	1.0481	0.1770		1.0514	1.0481

Note: For each Class,

Indicated Surcharge = (Total Premium Pre-DCCPAP) / (Total Premium Post-DCCPAP)

Test Correction Factor = 0.99600

Basis of Credibility: $1 / ((\# \text{ DCCPAP Policies}) / (\# \text{ Total Policies})) * 25 = 220 \text{ Policies for Full Credibility}$

Formula Surcharge = (Indicated Surcharge) * (Credibility for that Class) + (1 - Credibility) * (Average Indicated Surcharge)

where (Average Indicated Surcharge) = (Associated Direct Employment class Formula Surcharge) for the Temporary Staffing (26XX) classes

Final Surcharge = Formula Surcharge * Test Correction Factor

DELAWARE COMPENSATION RATING BUREAU, INC.
2023 RESIDUAL MARKET AND LOSS COST FILING
DELAWARE CONSTRUCTION CLASS PREMIUM ADJUSTMENT PROGRAM
SURCHARGES BY CLASS CODE

Class	Current Surcharge	Proposed Surcharge	Percentage Change
601	1.0736	1.0578	-1.5%
603	1.0712	1.0475	-2.2%
605	1.0557	1.0481	-0.7%
607	1.0340	1.0268	-0.7%
608	1.0754	1.0808	0.5%
609	1.0882	1.0802	-0.7%
611	1.0402	1.0337	-0.6%
615	1.0557	1.0481	-0.7%
617	1.0801	1.0361	-4.1%
625	1.0483	1.0371	-1.1%
643	1.0430	1.0334	-0.9%
645	1.0544	1.0572	0.3%
646	1.0344	1.0370	0.3%
647	1.0310	1.0259	-0.5%
648	1.0223	1.0320	0.9%
649	1.0623	1.0620	0.0%
651	1.0532	1.0537	0.0%
652	1.0200	1.0112	-0.9%
653	1.0346	1.0386	0.4%
654	1.0771	1.0958	1.7%
655	1.0326	1.0252	-0.7%
656	1.0557	1.0481	-0.7%
657	1.0557	1.0481	-0.7%
658	1.0414	1.0341	-0.7%
659	1.0415	1.0341	-0.7%
660	1.0418	1.0221	-1.9%
661	1.0677	1.0636	-0.4%
662	1.0557	1.0481	-0.7%
663	1.0528	1.0459	-0.7%
664	1.0932	1.0832	-0.9%
665	1.0301	1.0215	-0.8%
666	1.0495	1.0411	-0.8%
667	1.0502	1.0491	-0.1%
668	1.0562	1.0404	-1.5%
669	1.0742	1.0466	-2.6%
670	1.0557	1.0252	-2.9%
673	1.0557	1.0481	-0.7%
674	1.0557	1.0481	-0.7%
675	1.0136	1.0122	-0.1%
676	1.0533	1.0422	-1.1%
677	1.0557	1.0481	-0.7%
679	1.0557	1.0481	-0.7%
681	1.0557	1.0481	-0.7%
2601	1.0557	1.0481	-0.7%
2603	1.0557	1.0481	-0.7%
2605	1.0557	1.0481	-0.7%

DELAWARE COMPENSATION RATING BUREAU, INC.
2023 RESIDUAL MARKET AND LOSS COST FILING
DELAWARE CONSTRUCTION CLASS PREMIUM ADJUSTMENT PROGRAM
SURCHARGES BY CLASS CODE

Class	Current Surcharge	Proposed Surcharge	Percentage Change
2607	1.0557	1.0481	-0.7%
2608	1.0557	1.0481	-0.7%
2609	1.0882	1.0692	-1.7%
2611	1.0557	1.0481	-0.7%
2615	1.0557	1.0481	-0.7%
2617	1.0557	1.0481	-0.7%
2625	1.0557	1.0481	-0.7%
2643	1.0557	1.0481	-0.7%
2645	1.0557	1.0481	-0.7%
2646	1.0557	1.0481	-0.7%
2647	1.0557	1.0481	-0.7%
2648	1.0557	1.0481	-0.7%
2649	1.0557	1.0481	-0.7%
2651	1.0532	1.0427	-1.0%
2652	1.0557	1.0481	-0.7%
2653	1.0557	1.0481	-0.7%
2654	1.0557	1.0481	-0.7%
2655	1.0557	1.0481	-0.7%
2656	1.0557	1.0481	-0.7%
2657	1.0557	1.0481	-0.7%
2658	1.0557	1.0481	-0.7%
2659	1.0557	1.0481	-0.7%
2660	1.0557	1.0481	-0.7%
2661	1.0677	1.0494	-1.7%
2662	1.0557	1.0481	-0.7%
2663	1.0557	1.0481	-0.7%
2664	1.0557	1.0481	-0.7%
2665	1.0557	1.0481	-0.7%
2666	1.0557	1.0481	-0.7%
2667	1.0557	1.0481	-0.7%
2668	1.0557	1.0481	-0.7%
2669	1.0557	1.0481	-0.7%
2670	1.0557	1.0481	-0.7%
2673	1.0557	1.0481	-0.7%
2674	1.0557	1.0481	-0.7%
2675	1.0557	1.0481	-0.7%
2676	1.0557	1.0481	-0.7%
2677	1.0557	1.0481	-0.7%
2679	1.0557	1.0481	-0.7%
2681	1.0557	1.0481	-0.7%
Total	1.0557	1.0481	-0.7%

DELAWARE COMPENSATION RATING BUREAU, INC.

DERIVATION OF PROPOSED REVISION TO DCCPAP WAGE TABLE

Test for "Premium Reversals"

Minimum Wage (1)	Maximum Wage (2)	Average Wage (3)	DCCPAP Credit (4)	Effective Wage (3)x(1.0-(4)) (5)	Ratio (5)/Prior (5) (6)
\$0.00	\$25.44	(a)			
\$25.45	\$25.89	25.670	0.05	24.3865	
\$25.90	\$26.39	26.145	0.06	24.5763	1.00778
\$26.40	\$26.89	26.645	0.07	24.7799	1.00828
\$26.90	\$27.39	27.145	0.08	24.9734	1.00781
\$27.40	\$27.94	27.670	0.09	25.1797	1.00826
\$27.95	\$28.49	28.220	0.10	25.3980	1.00867
\$28.50	\$29.04	28.770	0.11	25.6053	1.00816
\$29.05	\$29.59	29.320	0.12	25.8016	1.00767
\$29.60	\$30.19	29.895	0.13	26.0087	1.00802
\$30.20	\$30.79	30.495	0.14	26.2257	1.00835
\$30.80	\$31.39	31.095	0.15	26.4308	1.00782
\$31.40	\$32.04	31.720	0.16	26.6448	1.00810
\$32.05	\$32.69	32.370	0.17	26.8671	1.00834
\$32.70	\$33.34	33.020	0.18	27.0764	1.00779
\$33.35	\$34.04	33.695	0.19	27.2930	1.00800
\$34.05	\$34.74	34.395	0.20	27.5160	1.00817
\$34.75	\$35.49	35.120	0.21	27.7448	1.00832
\$35.50	\$36.24	35.870	0.22	27.9786	1.00843
\$36.25	\$36.99	36.620	0.23	28.1974	1.00782
\$37.00	\$37.79	37.395	0.24	28.4202	1.00790
\$37.80			0.25		

(a) 1/1/98 entry point multiplied by change in Statewide Average Weekly Wage (estimated).

(1) SAWW based on 1/1/97 - 12/31/97	616.67
(2) SAWW based on 6/1/23 - 5/31/24	1,364.28 (estimated)
(3) Change (2) / (1)	2.2123
(4) 1/1/98 Minimum Eligibility Wage	11.50
(5) 6/1/24 Minimum Eligibility Wage (3) x (4)	25.45 (rounded to .05)

Note: Premium Reversals Would Occur if Effective Wage for any Given Average Wage is LOWER than Effective Wage for any Lower Average Wage(s)

DELAWARE COMPENSATION RATING BUREAU, INC.

COMPARISON OF CURRENT AND PROPOSED WAGE TABLES

DCCPAP Credit	Current Table Effective 6/1/23		Change from Lower Level	Proposed Table Effective 6/1/24		Change from Lower Level
0%	23.84	or less		25.44	or less	
5%	23.85	24.30	0.46	25.45	25.89	0.45
6%	24.31	24.75	0.45	25.90	26.39	0.50
7%	24.76	25.20	0.45	26.40	26.89	0.50
8%	25.21	25.70	0.50	26.90	27.39	0.50
9%	25.71	26.20	0.50	27.40	27.94	0.55
10%	26.21	26.75	0.55	27.95	28.49	0.55
11%	26.76	27.30	0.55	28.50	29.04	0.55
12%	27.31	27.85	0.55	29.05	29.59	0.55
13%	27.86	28.40	0.55	29.60	30.19	0.60
14%	28.41	29.00	0.60	30.20	30.79	0.60
15%	29.01	29.60	0.60	30.80	31.39	0.60
16%	29.61	30.20	0.60	31.40	32.04	0.65
17%	30.21	30.80	0.60	32.05	32.69	0.65
18%	30.81	31.45	0.65	32.70	33.34	0.65
19%	31.46	32.10	0.65	33.35	34.04	0.70
20%	32.11	32.80	0.70	34.05	34.74	0.70
21%	32.81	33.50	0.70	34.75	35.49	0.75
22%	33.51	34.20	0.70	35.50	36.24	0.75
23%	34.21	34.95	0.75	36.25	36.99	0.75
24%	34.96	35.70	0.75	37.00	37.79	0.80
25%	Over 35.70			Over 37.79		