

August 07, 2024

DCRB CIRCULAR NO. 1038

To All Members of the DCRB:

Re: EXPERIENCE RATING PLAN REVISIONS - EFFECTIVE DECEMBER 1, 2024

The Delaware Insurance Commissioner Trinidad Navarro has approved the revised Experience Rating Plan, as filed, by action dated August 06, 2024. These revisions become effective as of 12:01 a.m., December 1, 2024 with respect to new and renewal policies having Rating Effective Dates (RED) on or after that date.

Key changes to the approved Experience Rating Plan (ERP) are as follows:

- The ERP eligibility threshold will be lowered from a single-year annual amount of \$3,161 to \$5,000 over the three-year experience period.
- Credibility values for smaller risks will be increased significantly, with the minimum credibility increasing from 5% to 69% for the smallest eligible risks.
- Variable split points were lowered and will range from \$10,000 for the smallest risks to \$300,000 for the largest risks.
- A new capping rule will introduce a formula-driven maximum modification.
- A one-year transition rule will be implemented from 12/1/2024 to 11/30/2025 to manage any substantial changes resulting from plan adoption. During this transition period, a swing limit of +40% will apply, along with the use of the maximum modification formula to ensure that no modifications increase by more than +40%.
- The change in eligibility also changes the eligibility requirement for the Workplace Safety Program (WSP). The WSP shares eligibility criteria with the ERP and utilizes the credibility of qualified employers based on the uniform ERP. This will result in more risks being eligible for the WSP.

A copy of Filing No. 2402 and other information including a Factsheet, Frequently Asked Questions are available on our website (www.dcrb.com). During this transitioning period, the DCRB will also be providing additional educational materials and tools related to the new plan. We encourage all stakeholders to regularly visit our website for updates and announcements regarding this filing in the coming months.

Please direct all questions to Brent Otto, Vice President of Actuarial Services and Chief Actuary, at Extension 4451 or botto@pcrb.com for any questions regarding this Circular.

William V. Taylor
President