

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 2019 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 2019 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 2019. For example, an average credit of 0.1954 indicates that the average qualifying risk in Code 601 received a 19.54 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 205, 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 5.57 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, 2023** for the proposed table. **Please note that the proposed (effective 6/1/23) minimum eligibility wage has increased from \$22.10 to \$23.85. Staff is therefore proposing an increase to the wage table.**

Page 14.5 shows the current and proposed Wage Tables.

*For Policy Effective Dates 01/01/19 Through 12/31/19

Partial Credibility = $\sqrt{(\# \text{ of Policies} / 205)}$

Class	# of Policies (Total)	# of Policies (DCCPAP)	Payroll (Total)	Payroll (DCCPAP)	***DCCPAP Policies***		**Non-DCCPAP Policies**		Indicated Surcharge	Average DCCPAP Credit	Class "Z"	Formula Surcharge	Final Surcharge
					Premium Pre-DCCPAP	Premium Post-DCCPAP	Premium Pre-DCCPAP	Premium Post-DCCPAP					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
601	56	14	45,930,915	20,816,491	1,527,657	1,229,142	1,917,318	1,917,318	1.0949	0.1954	0.52	1.0761	1.0736
603	43	13	9,324,313	4,718,446	355,181	301,235	267,832	267,832	1.0948	0.1519	0.46	1.0737	1.0712
605	15	0	1,335,342	0	0	0	112,454	112,454	1.0000	N/A	0.27	1.0407	1.0557
607	27	1	2,481,534	39,824	2,108	1,834	131,650	131,650	1.0021	0.1300	0.36	1.0364	1.0340
608	213	44	62,294,537	26,409,536	1,573,660	1,331,139	1,780,296	1,780,296	1.0779	0.1541	1.00	1.0779	1.0754
609	198	35	98,831,599	45,158,952	2,265,942	1,860,592	2,573,928	2,573,928	1.0914	0.1789	0.98	1.0907	1.0882
611	12	1	1,975,872	8,321	808	606	192,773	192,773	1.0010	0.2500	0.24	1.0426	1.0402
615	0	0	0	0	0	0	0	0	1.0000	N/A	0.00	1.0557	1.0557
617	37	12	17,109,900	10,486,352	497,216	413,978	280,816	280,816	1.1198	0.1674	0.42	1.0826	1.0801
625	22	5	4,809,578	1,097,143	72,523	62,023	196,330	196,330	1.0406	0.1448	0.33	1.0507	1.0483
643	11	2	3,918,125	418,461	56,817	51,375	453,941	453,941	1.0108	0.0958	0.23	1.0454	1.0430
645	121	13	20,016,402	5,989,488	393,122	319,518	968,662	968,662	1.0571	0.1872	0.77	1.0568	1.0544
646	59	4	6,715,961	1,019,974	59,070	50,194	379,459	379,459	1.0207	0.1503	0.54	1.0368	1.0344
647	37	3	14,823,031	427,614	41,059	37,583	1,357,017	1,357,017	1.0025	0.0847	0.42	1.0334	1.0310
648	134	7	15,791,528	2,174,333	138,498	122,889	774,205	774,205	1.0174	0.1127	0.81	1.0247	1.0223
649	36	8	8,689,419	3,931,138	171,020	144,790	195,564	195,564	1.0771	0.1534	0.42	1.0647	1.0623
651	237	33	44,767,632	14,735,320	828,170	690,897	1,778,641	1,778,641	1.0556	0.1658	1.00	1.0556	1.0532
652	501	31	46,187,771	6,438,313	599,591	507,430	3,610,836	3,610,836	1.0224	0.1537	1.00	1.0224	1.0200
653	128	17	24,402,108	4,831,484	348,834	296,798	1,330,810	1,330,810	1.0320	0.1492	0.79	1.0370	1.0346
654	99	12	20,619,490	4,418,148	409,152	309,353	794,501	794,501	1.0904	0.2439	0.69	1.0796	1.0771
655	52	6	11,965,621	1,505,977	200,645	176,957	1,479,609	1,479,609	1.0143	0.1181	0.50	1.0350	1.0326
656	14	0	12,247,109	0	0	0	638,880	638,880	1.0000	N/A	0.26	1.0412	1.0557
657	9	0	372,130	0	0	0	33,148	33,148	1.0000	N/A	0.21	1.0440	1.0557
658	40	4	5,191,899	859,986	93,059	80,153	371,588	371,588	1.0286	0.1387	0.44	1.0438	1.0414
659	78	9	8,412,827	2,391,086	452,279	394,537	1,179,547	1,179,547	1.0367	0.1277	0.62	1.0439	1.0415
660	15	1	5,063,411	269,371	5,245	3,934	97,164	97,164	1.0130	0.2500	0.27	1.0442	1.0418
661	323	35	120,331,804	34,467,733	1,109,093	884,817	2,311,718	2,311,718	1.0702	0.2022	1.00	1.0702	1.0677
662	5	0	224,758	0	0	0	13,123	13,123	1.0000	N/A	0.16	1.0468	1.0557
663	300	43	123,269,035	36,295,612	1,437,325	1,183,649	3,410,108	3,410,108	1.0552	0.1765	1.00	1.0552	1.0528
664	266	52	108,407,128	42,403,654	2,168,567	1,716,108	3,012,340	3,012,340	1.0957	0.2086	1.00	1.0957	1.0932
665	173	15	21,815,875	4,420,240	313,565	265,288	1,320,011	1,320,011	1.0305	0.1540	0.92	1.0325	1.0301
666	33	3	3,310,824	631,843	47,383	36,061	209,699	209,699	1.0461	0.2389	0.40	1.0519	1.0495
667	13	1	3,324,855	1,265,824	21,104	18,361	45,026	45,026	1.0433	0.1300	0.25	1.0526	1.0502
668	53	6	5,546,790	1,564,068	116,560	91,703	312,849	312,849	1.0614	0.2133	0.51	1.0586	1.0562
669	4	2	493,141	481,605	44,079	36,403	907	907	1.2057	0.1741	0.14	1.0767	1.0742
670	7	0	901,600	0	0	0	62,455	62,455	1.0000	N/A	0.18	1.0457	1.0557
673	2	0	16,626	0	0	0	996	996	1.0000	N/A	0.10	1.0501	1.0557
674	17	0	2,495,854	0	0	0	144,426	144,426	1.0000	N/A	0.29	1.0395	1.0557
675	225	12	85,917,134	6,446,491	281,928	233,938	2,775,599	2,775,599	1.0159	0.1702	1.00	1.0159	1.0136
676	33	6	6,928,374	3,025,297	162,405	144,469	178,071	178,071	1.0556	0.1104	0.40	1.0557	1.0533
677	9	0	13,683,479	0	0	0	498,938	498,938	1.0000	N/A	0.21	1.0440	1.0557
679	0	0	0	0	0	0	0	0	1.0000	N/A	0.00	1.0557	1.0557
681	1	0	105,298	0	0	0	6,080	6,080	1.0000	N/A	0.07	1.0518	1.0557
2609	0	0	0	0	0	0	0	0	1.0000	N/A	0.00	1.0907	1.0882
2651	0	0	0	0	0	0	0	0	1.0000	N/A	0.00	1.0556	1.0532
2661	0	0	0	0	0	0	0	0	1.0000	N/A	0.00	1.0702	1.0677
Total	3,658	450	990,050,629	289,148,125	15,793,665	12,997,754	37,199,315	37,199,315	1.0557	0.1770		1.0577	1.0557

Note: For each Class,

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

Test Correction Factor = 0.99770

Basis of Credibility: $1 / ((\# \text{ DCCPAP Policies}) / (\# \text{ Total Policies})) * 25 = 205 \text{ Policies for Full Credibility}$

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.
2022 RESIDUAL MARKET AND LOSS COST FILING
DELAWARE CONSTRUCTION CLASS PREMIUM ADJUSTMENT PROGRAM
SURCHARGES BY CLASS CODE

Class	Current Surcharge	Proposed Surcharge	Percentage Change
601	1.0716	1.0736	0.2%
603	1.0675	1.0712	0.3%
605	1.0569	1.0557	-0.1%
607	1.0384	1.0340	-0.4%
608	1.1004	1.0754	-2.3%
609	1.0808	1.0882	0.7%
611	1.0414	1.0402	-0.1%
615	1.0569	1.0557	-0.1%
617	1.0885	1.0801	-0.8%
625	1.0449	1.0483	0.3%
643	1.0430	1.0430	0.0%
645	1.0353	1.0544	1.8%
646	1.0380	1.0344	-0.3%
647	1.0323	1.0310	-0.1%
648	1.0143	1.0223	0.8%
649	1.0595	1.0623	0.3%
651	1.0493	1.0532	0.4%
652	1.0185	1.0200	0.1%
653	1.0364	1.0346	-0.2%
654	1.0729	1.0771	0.4%
655	1.0360	1.0326	-0.3%
656	1.0569	1.0557	-0.1%
657	1.0569	1.0557	-0.1%
658	1.0353	1.0414	0.6%
659	1.0388	1.0415	0.3%
660	1.0569	1.0418	-1.4%
661	1.0725	1.0677	-0.4%
662	1.0569	1.0557	-0.1%
663	1.0639	1.0528	-1.0%
664	1.1042	1.0932	-1.0%
665	1.0303	1.0301	0.0%
666	1.0407	1.0495	0.8%
667	1.0581	1.0502	-0.7%
668	1.0496	1.0562	0.6%
669	1.0655	1.0742	0.8%
670	1.0569	1.0557	-0.1%
673	1.0569	1.0557	-0.1%
674	1.0569	1.0557	-0.1%
675	1.0170	1.0136	-0.3%
676	1.0540	1.0533	-0.1%
677	1.0569	1.0557	-0.1%
679	1.0569	1.0557	-0.1%
681	1.0569	1.0557	-0.1%
2601	1.0569	1.0557	-0.1%
2603	1.0569	1.0557	-0.1%
2605	1.0569	1.0557	-0.1%

DELAWARE COMPENSATION RATING BUREAU, INC.
2022 RESIDUAL MARKET AND LOSS COST FILING
DELAWARE CONSTRUCTION CLASS PREMIUM ADJUSTMENT PROGRAM
SURCHARGES BY CLASS CODE

Class	Current Surcharge	Proposed Surcharge	Percentage Change
2607	1.0569	1.0557	-0.1%
2608	1.0569	1.0557	-0.1%
2609	1.0569	1.0882	3.0%
2611	1.0569	1.0557	-0.1%
2615	1.0569	1.0557	-0.1%
2617	1.0569	1.0557	-0.1%
2625	1.0569	1.0557	-0.1%
2643	1.0569	1.0557	-0.1%
2645	1.0569	1.0557	-0.1%
2646	1.0569	1.0557	-0.1%
2647	1.0569	1.0557	-0.1%
2648	1.0569	1.0557	-0.1%
2649	1.0569	1.0557	-0.1%
2651	1.0569	1.0532	-0.4%
2652	1.0569	1.0557	-0.1%
2653	1.0569	1.0557	-0.1%
2654	1.0569	1.0557	-0.1%
2655	1.0569	1.0557	-0.1%
2656	1.0569	1.0557	-0.1%
2657	1.0569	1.0557	-0.1%
2658	1.0569	1.0557	-0.1%
2659	1.0569	1.0557	-0.1%
2660	1.0569	1.0557	-0.1%
2661	1.0569	1.0677	1.0%
2662	1.0569	1.0557	-0.1%
2663	1.0569	1.0557	-0.1%
2664	1.0569	1.0557	-0.1%
2665	1.0569	1.0557	-0.1%
2666	1.0569	1.0557	-0.1%
2667	1.0569	1.0557	-0.1%
2668	1.0569	1.0557	-0.1%
2669	1.0569	1.0557	-0.1%
2670	1.0569	1.0557	-0.1%
2673	1.0569	1.0557	-0.1%
2674	1.0569	1.0557	-0.1%
2675	1.0569	1.0557	-0.1%
2676	1.0569	1.0557	-0.1%
2677	1.0569	1.0557	-0.1%
2679	1.0569	1.0557	-0.1%
2681	1.0569	1.0557	-0.1%
Total	1.0575	1.0557	-0.2%

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	\$23.84	(a)			
\$23.85	\$24.30	24.075	0.05	22.8713	
\$24.31	\$24.75	24.530	0.06	23.0582	1.00817
\$24.76	\$25.20	24.980	0.07	23.2314	1.00751
\$25.21	\$25.70	25.455	0.08	23.4186	1.00806
\$25.71	\$26.20	25.955	0.09	23.6191	1.00856
\$26.21	\$26.75	26.480	0.10	23.8320	1.00902
\$26.76	\$27.30	27.030	0.11	24.0567	1.00943
\$27.31	\$27.85	27.580	0.12	24.2704	1.00888
\$27.86	\$28.40	28.130	0.13	24.4731	1.00835
\$28.41	\$29.00	28.705	0.14	24.6863	1.00871
\$29.01	\$29.60	29.305	0.15	24.9093	1.00903
\$29.61	\$30.20	29.905	0.16	25.1202	1.00847
\$30.21	\$30.80	30.505	0.17	25.3192	1.00792
\$30.81	\$31.45	31.130	0.18	25.5266	1.00819
\$31.46	\$32.10	31.780	0.19	25.7418	1.00843
\$32.11	\$32.80	32.455	0.20	25.9640	1.00863
\$32.81	\$33.50	33.155	0.21	26.1925	1.00880
\$33.51	\$34.20	33.855	0.22	26.4069	1.00819
\$34.21	\$34.95	34.580	0.23	26.6266	1.00832
\$34.96	\$35.70	35.330	0.24	26.8508	1.00842
\$35.71			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 6/1/22 - 5/31/23	1,278.98 (estimated)
(3) Change (2) / (1)	2.0740
(4) 1/1/98 Minimum Eligibility Wage	11.50
(5) 6/1/23 Minimum Eligibility Wage (3) x (4)	23.85 (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 6/1/22		Change from Lower Level	Proposed Table Effective 6/1/23		Change from Lower Level
0%	22.09 or less			23.84 or less		
5%	22.10	22.50	0.41	23.85	24.30	0.46
6%	22.51	22.95	0.45	24.31	24.75	0.45
7%	22.96	23.40	0.45	24.76	25.20	0.45
8%	23.41	23.85	0.45	25.21	25.70	0.50
9%	23.86	24.35	0.50	25.71	26.20	0.50
10%	24.36	24.85	0.50	26.21	26.75	0.55
11%	24.86	25.35	0.50	26.76	27.30	0.55
12%	25.36	25.85	0.50	27.31	27.85	0.55
13%	25.86	26.40	0.55	27.86	28.40	0.55
14%	26.41	26.95	0.55	28.41	29.00	0.60
15%	26.96	27.50	0.55	29.01	29.60	0.60
16%	27.51	28.05	0.55	29.61	30.20	0.60
17%	28.06	28.65	0.60	30.21	30.80	0.60
18%	28.66	29.25	0.60	30.81	31.45	0.65
19%	29.26	29.90	0.65	31.46	32.10	0.65
20%	29.91	30.55	0.65	32.11	32.80	0.70
21%	30.56	31.20	0.65	32.81	33.50	0.70
22%	31.21	31.90	0.70	33.51	34.20	0.70
23%	31.91	32.60	0.70	34.21	34.95	0.75
24%	32.61	33.30	0.70	34.96	35.70	0.75
25%	Over 33.30			Over 35.70		