



March 9, 2020

DCRB CIRCULAR NO. 972

To All Members of the DCRB:

Re: **CHANGES TO THE DELAWARE WORKPLACE SAFETY PROGRAM**
EFFECTIVE FEBRUARY 1, 2020

The Delaware Department of Insurance has adopted and approved Regulation 802 effective February 1, 2020. The Delaware Department of Insurance (Department) has been implementing its Workplace Safety Program (Program) since 1989. Through this program, the Department, in coordination with the Delaware Compensation Rating Bureau, Inc. (DCRB), offers Delaware employers an opportunity to lower workers' compensation insurance premiums by participating in the Delaware Workplace Safety Program. Businesses may earn discounts of up to 19 percent by providing and maintaining a safe place to work.

Regulation 802 (copy attached) introduces amendments to the Workplace Safety Program to specifically emphasize the availability of discounts to employers who otherwise qualify for the program and who implement a drug free workplace program. The changes in the Program have added new criteria for consideration during the Program inspection process. The regulation further specifies additional inspection related questions and criteria regarding the components of a business's drug free workplace program. These new questions and inspection criterion may encourage employers with qualification for the drug free credit in obtaining an additional discount through their carrier, where applicable.

There are no changes to the Delaware Workplace Safety Program in respect to the maximum credit offered by the program, which remains at 19 percent. The DCRB will continue to calculate the discount percentage amount using the currently established process. It is important to note that the additional discount possibility, referenced in Section 9.2 of Regulation 802, applies only to carriers who have an independently approved filed Drug Free Program from the Department. Carriers should continue to report the Workplace Safety Credit using Statistical Code 9880. Carriers with a filed and approved Drug Free Program should continue to report any applicable discounts using Statistical Code 9846. The complete parameters of the Program are included in the Delaware Workers Compensation Manual of Rules, Classifications and Rating Values for Workers Compensation and for Employers Liability Insurance on the DCRB website (www.dcrb.com).

Please contact Delisa Fairley, Vice President – Underwriting Services at 215-320-4411 or at dfairley@dcrb.com for any questions regarding this circular. DCRB does not anticipate any changes to the Basic Manual at this time.

William V. Taylor
President

TITLE 18 INSURANCE
DELAWARE ADMINISTRATIVE CODE

DEPARTMENT OF INSURANCE
OFFICE OF THE COMMISSIONER
800 Workers' Compensation

802 Delaware Workplace Safety Regulation

1.0 Authority

This regulation is adopted and promulgated by the Insurance Commissioner pursuant to 18 Del.C. §§311 and 2533 and promulgated under 29 Del.C. Ch.101.

17 DE Reg. 533 (11/01/13)

23 DE Reg. 676 (02/01/20)

2.0 Purpose

2.1 The purpose of this regulation is to:

2.1.1 Enhance the health and safety of workers in the State of Delaware;

2.1.2 Provide lower insurance premiums for qualifying employers who currently pay \$3,161 or more of annual Delaware Workers' Compensation premiums; and

2.1.3 Establish both testing and inspection procedures to determine an employer's qualification for a premium credit under the Workplace Safety Program.

23 DE Reg. 676 (02/01/20)

3.0 Scope

3.1 An employer is eligible for participation in the Workplace Safety Program if the employer complies with the criteria set forth in this regulation.

3.2 Only employers whose employees work at Delaware work sites are eligible to participate in the Workplace Safety Program; and

3.3 In the case of an employer who purchases a multi-state workers compensation insurance policy, and credit earned by participation in the Workplace Safety Program applies to only that portion of the premium that covers Delaware workers.

23 DE Reg. 676 (02/01/20)

4.0 Eligibility and Premium Credit

4.1 An employer is eligible for the Workplace Safety Program insurance premium credit if:

4.1.1 The employer's annual workers compensation insurance premium is \$3,161 or more, based on the most current unit statistical card filing. The Delaware Compensation Rating Bureau is charged with determining whether an employer meets this requirement by taking the most current unit statistical card payroll times current rates times current experience modification to determine the employer's premium size; and

4.1.2 The employer submits a Workplace Safety Program Questionnaire to the Department of Insurance in which it provides details of the employer's Workplace Safety Program, including but not limited to:

- Details concerning the employer's health and safety program, including the effectiveness of that program;
- Details concerning the employer's employee training program, including data on its adequacy and effectiveness;
- Details concerning the employer's efforts to identify and eliminate potential hazardous conditions; and
- Workplace injury data for the three years immediately preceding the date on which the employer submits the Workplace Safety Program Questionnaire to the Department.

23 DE Reg. 676 (02/01/20)

5.0 Notice of Employer Eligibility

TITLE 18 INSURANCE

DELAWARE ADMINISTRATIVE CODE

Employers meeting the eligibility requirements set forth in Section 4.0 of this regulation will be notified by the Delaware Department of Insurance seven months in advance of their policy renewal date. This notification will include instructions for qualifying for a safe workplace credit.

23 DE Reg. 676 (02/01/20)

6.0 Eligibility Period

The Department will notify the employer of eligibility, and will inform the employer that the employer must elect at least five (5) months in advance of the date of policy renewal to participate in the Workplace Safety Program. Failure to notify the Department within this time period of an intent to renew participation may preclude the employer's participation in the Workplace Safety Program for the upcoming year. Election to participate shall commence by contacting the Delaware Department of Insurance.

23 DE Reg. 676 (02/01/20)

7.0 Inspections and Cost

7.1 All inspections must include a thorough review of the following items, which are to be maintained by the employer and made available for the inspector to review:

- Any workplace injuries that have occurred within the three years prior to the application.
- The outcome of those injuries, including specific details of the injuries.
- Confirmation of Modification Duty Availability Reports for all injuries, as applicable.
- Any findings or fines relating to workplace safety resulting from the injuries.
- A list of possible assignments for injured workers.
- Any safety measures taken by the employer as a result of the injuries.
- Any drug-free workplace program being implemented by an employer that includes but is not limited to the following components, as applicable:
 - A written policy regarding the use of drugs in the workplace that includes, at a minimum:
 - A statement of purpose concerning the protection of the employer's employees and guests;
 - A general statement concerning what conduct is prohibited;
 - A statement concerning the employer's intent to comply with applicable federal and Delaware statutes and regulations;
 - A description of the employer's drug testing policy, if any, including but not limited to pre-employment testing, reasonable suspicion testing, and post-incident testing;
 - A list of workplace-prohibited substances, which may include but is not limited to amphetamines, cannabinoids, cocaine, opiates, phencyclidine (PCP), and chemical derivatives;
 - Whether marijuana is a prohibited substance in the workplace;
 - A statement concerning the employer's policy that accounts for the use of prescription medications, including the employee's duty to notify any testing laboratory of such substances;
 - A statement concerning the employer's policy on employee consumption of alcohol on premises, including the types of employer functions at which alcohol consumption is permitted and whether an employee is permitted to use alcohol on premise outside of the employees normal working hours;
 - A listing of all employee drug testing procedures (if testing will occur), including but not limited to whether the employer uses an independent laboratory, whether testing includes (or is limited to) urine testing, the employee's right to refuse testing and the consequences for so doing, whether an employee will be compensated for time spent testing, whether the employer pays for the cost of the test;
 - A statement concerning the consequences that arise when an employee tests positive for drugs, both during a pre-employment drug screening and for current employees, including whether the job applicant or current employee has a right to explain the positive drug test;
 - A statement of confidentiality of information; and
 - A method for ensuring and documenting that an applicant for employment and all current employees receive details of the employer's Drug-Free Program;
 - A copy of the employer's Drug-Free Workplace Poster, certified by the government agency or vendor of the employer's choice;

TITLE 18 INSURANCE
DELAWARE ADMINISTRATIVE CODE

- A description of the employer's Employee Assistance Program ("EAP") or proof of resources available to employees such as drug and alcohol counseling services, and a list of treatment centers; and
- A description of the employer's training program for both supervisors and employees that requires that the training must be completed within 30 days of start date as part of new employee orientation, and that describes how the employer documents that employees have completed this training.

NOTE: A recommendation by the inspector based on the above information as to whether or not the employer should receive the workplace safety credit must also be included.

7.2 To obtain the Workplace Safety Program premium credit, all inspection procedures and inspection reports must comply with the requirements and standards set forth in this regulation. In the event of multiple applications, only the first application received will be accepted. Subsections 7.2.1 and 7.2.2 of this regulation set forth the two options according to which a Workplace Safety inspection may be conducted.

7.2.1 All inspections that are conducted by a representative from an independent safety expert company under contract to the Insurance Department shall be conducted as follows:

7.2.1.1 The Insurance Department will notify the inspector of the employer's request. The inspector, in turn, will then contact the employer to set up the first of two inspections. A second unannounced inspection shall be made no later than the expiration date of the policy to which any workplace safety credit based on the inspection will apply to confirm the initial certifications of safety in the workplace. The Department of Insurance will notify the Bureau when an employer successfully completes each scheduled and/or nonscheduled inspection. Failure to pass a scheduled inspection will result in a denial of an employer's eligibility to participate in the Workplace Safety Program. However, the employer, after failing an inspection can request another inspection, after successful completion of which will make them eligible for participation in the Workplace Safety Program.

7.2.1.2 The cost of each inspection will be borne by the employer. The minimum charge for safety inspection is \$150 per location. Each work location must successfully pass both inspections before an employer is entitled to a premium credit under the program. Inspection fees for large and/or complex employers may be established by the Department of Insurance.

7.2.2 Insurers issuing workers compensation insurance in Delaware may submit their own workplace safety inspection procedures for review by the Insurance Department. The Insurance Department shall permit the insurer's inspection to satisfy the inspection requirements of subsection 7.2.1 of this regulation if the inspection procedures are at least as rigorous as those employed by the Insurance Department and its independent safety experts. An insurer's safety inspection procedures must be re-certified on a bi-annual basis to maintain status as an acceptable substitute.

17 DE Reg. 533 (11/01/13)

23 DE Reg. 676 (02/01/20)

8.0 Renewals and Eligibility

8.1 An employer must annually apply for the Workplace Safety Program.

8.2 For each year after the initial qualification, the inspection requirement for the Workplace Safety Program insurance premium credit will consist of one unannounced inspection. The Department will maintain a list of inspection charges for inspections conducted pursuant to subsection 7.2.1 of this regulation, which will be sent to interested parties upon request.

17 DE Reg. 533 (11/01/13)

23 DE Reg. 676 (02/01/20)

9.0 Premium Size Ranges and Corresponding Credits

9.1 The Workplace Safety insurance premium credit will be calculated according to the following formula:

$$20\% \times [1.0000 - C]$$

where "C" is the credibility of the qualified employer in the uniform Experience Rating Plan for the policy period expiring immediately prior to the application of the Safety credit. If the qualified employer was not experience-rated in the policy period expiring immediately prior to the application of the Safety credit, "C" will be set at 0.050 Safety credit packages will be rounded to the nearest whole percent.

TITLE 18 INSURANCE
DELAWARE ADMINISTRATIVE CODE

- 9.2 If the inspector confirms that an employer maintains a drug-free workplace program that meets the criteria set forth in subsection 7.1 of this regulation, the carrier may offer an additional discount in accordance with rate filings submitted to and approved by the Department.

23 DE Reg. 676 (02/01/20)

10.0 Effect upon Mutual Rates and Schedule Rating Credits

- 10.1 Workers' Compensation manual rates shall be adjusted because of implementation of this program. A Delaware Workplace Safety Program Factor shall be included in loss costs and residual market rates. This factor may offset credits given to qualified employers, so that the Workplace Safety Program will neither increase nor decrease premiums for eligible employers in the aggregate.
- 10.2 Schedule rating plan credits given to policyholders for "competitive" reasons cannot be withdrawn. Schedule credits given for safety reasons may be reduced to offset the Workplace Safety Program premium credit.
- 10.3 A Merit Rating Plan shall be implemented which will provide incentives for employers paying less than \$3,161 of annual Delaware Workers' Compensation premiums to maintain safe workplaces.

11.0 Effective Date

This Regulation became effective on November 11, 2013. The 2019 amendments to this regulation shall become effective February 11, 2020.

17 DE Reg. 533 (11/01/13)

23 DE Reg. 676 (02/01/20)