



March 16, 2018

VIA SERFF

The Honorable Trinidad Navarro
Insurance Commissioner
Delaware Department of Insurance
841 Silver Lake Boulevard
Dover, DE 19904-2465

RE: DCRB Filing No. 1707
Workers Compensation Residual Market Rate Filing
Proposed Effective June 1, 2018

Dear Commissioner Navarro:

On behalf of the members of the Delaware Compensation Rating Bureau, Inc. (DCRB), enclosed is a filing of proposed interim changes to Residual Market Rates in Delaware due to changes in Federal tax law under the Tax Cuts and Jobs Act of 2017 (TCJA). Specifically, the TCJA changes lowered the provision for profit and contingencies incorporated in Residual Market rates, resulting in the following proposal:

Indicated and Proposed Change	
Proposed Effective Date	Residual Market Rates
June 1, 2018	-4.86%

The Residual Market rates contained in the DCRB's recently implemented Filing No. 1701, effective December 1, 2017 reflected the Federal tax provisions in place at that time. The proposed rates in this filing are based on the analysis in Filing No. 1701, with the exception of underwriting expense provisions impacted by the TCJA. They would supersede the current rates and would remain in place until the next annual Residual Market Rate and Voluntary Market Loss Cost filing, with an anticipated effective date of December 1, 2018. Since the TCJA changes only impact the profit and contingencies provision, there is no effect on the loss cost portion of the rates. These loss costs are currently in place for the Voluntary Market and are an underlying component of the Residual Market rates. A more detailed discussion of the analysis in this filing can be found in the Actuarial Memorandum.

Please direct any questions to me, John Pedrick, Vice President – Actuarial Services, or Ken Creighton, Chief Actuary. DCRB staff will be pleased to cooperate with and assist the Department of Insurance in its prompt consideration of this proposal.

Sincerely,

William V. Taylor
President

WVT/jp/dn
Enclosures