

**Delaware Compensation Rating Bureau, Inc.**  
Trends in Experience – December 1, 2005 Loss Cost Filing

Questionnaire for Leading Carrier Groups

1. Bureau data from previous filings has shown substantial and persistent downward trends in claim frequency. The trends in question have been measured comparing indemnity claims to on-level expected losses, so that medical-only losses are excluded from the data, and shifts in employment between classifications and/or industry groups are recognized in the frequency calculations over time.

The December 1, 2004 loss cost filing reflected an annual effective rate of decline in claim frequency of 7.7 percent. The December 1, 2005 filing will consider the most recent available data and develop appropriate projections for ingoing claim frequency changes through the mid-point of the proposed schedule of loss costs.

**What has your group observed with respect to claim frequency in the period from 2000 to date?**

Declines – 5  
Flat – 3  
No response – 2  
Early declines with subsequent leveling off – 1  
Early declines with subsequent increases – 1  
Flat with recent increase – 1  
Increasing – 1

**To what do you attribute the changes you have seen?**

Emphasis placed on and/or incentives applicable to workplace safety initiatives – 5  
No response – 4  
Mix of business underwritten – 3  
Workplace conditions beyond safety program features – 2  
Antifraud measures – 1  
Data limitations – 1  
Economic conditions – 1

**What do you expect claim frequency data for the period from 2004 through 2007 will show when that experience becomes available?**

Continued decreases – 4  
Flat – 4  
Decreasing at reduced rate – 3  
No response – 3

**What factors do you think will cause the claim frequency experience you anticipate, and why?**

Safety incentives and initiatives – 3  
Mix of business underwritten – 2  
Economic conditions – 2  
Workplace conditions beyond safety program features – 2  
Continuation of past trends expected – 2  
Prior safety initiatives have matured, with impact already built into data - 2  
No response – 2

2. Bureau data from the December 1, 2004 loss cost filing showed an increasing trend in indemnity claim severity, measured at approximately 7.7 percent per year.

**What has your company seen in terms of changes in indemnity claim severity over the period from 2000 to date?**

Increases – 10  
Decreases – 2  
No response – 1

**What factors do you find notable in terms of either controlling or increasing indemnity claim severity over this period of time?**

System benefit administration features - 6  
No response – 4  
Wage and benefit levels – 3  
Utilization - 3  
Limited available data - 2  
Litigation – 1  
Economic conditions – 1

**What do you expect indemnity claim severity data for the period from 2004 through 2007 will show when that experience becomes available?**

Increases – 9  
No response – 5  
Flat – 1

**What factor(s) do you think will be most important in contributing to the indemnity claim severity changes that you foresee, and why?**

System benefit administration features – 5  
No response - 5  
Wage and benefit levels – 3  
Utilization – 2  
Continuation of prior trends expected - 2

3. Bureau data from the December 1, 2004 loss cost filing showed a medical claim severity trend of +10.4 percent per year.

**What has your company seen in terms of changes in medical claim severity over the period from 2000 to date?**

Increases – 12  
Decreases – 1  
No response – 1

**What factors do you find notable in terms of either controlling or increasing medical claim severity over this period of time?**

Utilization – 7  
Administrative features of system – 6  
No response – 4  
Price inflation – 3  
Lack of cost containment tools in system – 3  
Economic conditions – 1  
Extension of countrywide trends – 1

**What do you expect medical claim severity data for the period from 2004 through 2007 will show when that experience becomes available?**

Increases – 10  
No response – 3  
Increasing with flattening of trend – 1

**What factor(s) do you think will be most important in contributing to the medical claim severity changes that you foresee, and why?**

Utilization – 8  
Price inflation – 5  
Administrative features of system – 4  
No response – 3  
Lack of cost containment tools in system – 2  
Continuation of prior trends – 1

4. What considerations NOT mentioned in your responses to the above questions do you think will be significant drivers of loss cost experience in Delaware from 2004 through 2007?

No response – 10  
Economic conditions – 2  
Administrative features of the system – 2  
Legislative changes – 1  
Litigation – 1  
Medical inflation – 1

**How do you think each of these factors will affect loss costs?**

No response – 10

Increase system costs – 3

Decrease system costs – 3

5. Although the Bureau does not propose, advocate or oppose public policy initiatives on behalf of its members, Bureau staff does from time-to-time attend public policy debates as an informational resource. In that capacity, it is helpful for us to be aware of desirable features and/or concerns regarding the existing Delaware workers compensation system from the standpoint of our members. Further, we may have occasionally opportunities to convey our members' ideas about aspects of this system that could be amended to improve its operation.

**What feature(s) of the Delaware workers compensation system do you think would be particularly appropriate and/or helpful subjects for possible legislative review and revision, toward the objectives of making Delaware's workers compensation system more equitable, affordable and/or predictable? Please include a brief description of the issue, citation of statutory section and/or case law precedent pertaining to the area of interest, and your suggestion(s) for change.**

Fee schedule – 8

Employer-directed choice of medical provider – 8

No response – 4

Utilization review – 2

Stacking of indemnity benefits – 2

Settlement authority – 2

Penalty provisions of Delaware law – 2

Temporary notice of compensation payable – 2

Weekly wage calculations – 1

Filings for Worsening of Condition – 1

Surgical scarring benefits – 1

Mileage reimbursements for travel for treatment in claimant's home area - 1

Attorney fees availability where basis for reasonable contest existed – 1

Applicability of bad faith actions to workers compensation – 1

Coordinated care initiatives – 1

Clarification of lack of responsibility on employer/insurer to pre-approve treatments - 1

Reforms - 1