



July 23, 2018

VIA SERFF

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

Attention: Tanisha Merced, Deputy Insurance Commissioner

**RE: DCRB Filing No. 1801 - Proposed Effective December 1, 2018
Proposed Merger of Code 602, Road or Street Construction – Subsurface Work
Into Code 609, Excavation.**

Dear Commissioner Navarro and Deputy Commissioner Merced:

Resulting from a staff review and on behalf of the members of the Delaware Compensation Rating Bureau (DCRB), we hereby submit the proposed filing for revision to the DCRB Workers' Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and Employers Liability Insurance (Basic Manual). This revision is proposed for policies with effective dates of 12:01 a.m., December 1, 2018 or later. This proposed effective date is intended to coincide with changes resulting from DCRB's normal annual comprehensive residual market rate and voluntary market loss cost filing, which will be filed with the Department of Insurance at a later date. This coordination will consolidate necessary changes that our members and other constituents must make to policies, forms and systems so that they occur once annually.

Code 602, Road or Street Construction

The DCRB conducted a review of Code 602, Road or Street Construction: Subsurface Work. The objective of the review was to determine the feasibility of merging Code 602 into Code 609, Excavation. This review follows a Pennsylvania Compensation Rating Bureau (PCRB) review that was completed in 2013 with the same objective. The PCRB opined that the existence of two excavation classifications i.e., Code 602 and Code 609, Excavation, as well as the historically lower PCRB loss costs for Code 602 in relation to those for Code 609 and Code 601, Road or Street Construction: Paving or Repaving, contributed to the misallocation of payroll properly assigned to either Code 609 or Code 601 to Code 602. Pursuant to these observations as well as historical experience and statistical analyses, the PCRB proposed that Code 602 be merged into Code 609. The Pennsylvania Insurance Commissioner approved the PCRB's proposal effective for new and renewal policies as of April 1, 2014 and later.

The Bureaus endeavor to align the uniform Delaware and Pennsylvania classification plans when possible, thus the Delaware review. The Delaware residual market rates for Code 602 have been historically higher than those for Code 609 but lower than those for Code 601. This ostensibly reduces the likelihood of the misallocation of payroll properly assigned to Code 609 to Code 602 for employers approved for both classifications however concerns remain about the

The Honorable Trinidad Navarro
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misallocation of payroll properly assigned to Code 601 to Code 602. Staff also maintains that the existence of two separate excavation classifications is not in line with the object of the classification procedure, which is to group together reasonably homogeneous employers.

The DCRB proposes that Code 602 be merged into Code 609 effective for policies effective December 1, 2018 and later. This unification would assign all excavation operations to the same classification, bringing the classification of excavation contractors in line with the object of the classification procedure and eliminating the potential misallocation of payroll between alternative classifications.

Staff created a December 1, 2017 class book page that combines Codes 602 and 609. The December 1, 2017 residual market rate for the revised Code 609 that results from that class book page after balancing and application of the applicable surcharges is \$8.69. This represents a 2.115% increase over the existing December 1, 2017 Code 609 residual market rate (\$8.51). The 46 employers that would be reclassified from Code 602 to Code 609 as a result of this proposal if approved would see a decrease of 4.295% in in relation to the December 1, 2017 Code 602 residual market rate (\$9.08).The degree of change for the voluntary market loss costs is the same as it is for the residual market rates.

If approved, the proposed residual market rate and voluntary market loss cost for the revised Code 609 will be incorporated into the DCRB's December 1, 2018 comprehensive residual market rate and voluntary market loss cost filing, to be filed with the Commissioner at a later date. As a result, the final proposed Code 609 residual market rate and voluntary market loss cost to be included in DCRB's December 1, 2018 comprehensive rating value filing may differ from the projected residual market rate and voluntary market loss cost referenced above.

Details of this filing are provided in DCRB's May 30, 2018 staff memorandum and May 30, 2018 executive summary, which are included as part of this filing. The memorandum and executive summary describe and explain the reasoning for the proposed revisions to the Basic Manual language. The memorandum, executive summary and proposals were reviewed by the DCRB Classification and Rating Committee at the Committee's May 30, 2018 meeting.

Thank you in advance for your review and attention to this filing. The DCRB welcomes any questions that you or the Department of Insurance staff may have regarding these proposals.

Sincerely,

William V. Taylor
President

Enclosures:
Executive Summary
Study Report
Exhibits
Revisions to Sections 1 & 2



TO: Delaware Compensation Rating Bureau Classification and Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst – Technical Services

DATE: May 30, 2018

RE: **Executive Summary** – Classification Study Report – Code 602, Road or Street Construction: Subsurface Work

The DCRB has completed a review of Code 602, Road or Street Construction: Subsurface Work. The objective of the review was to determine the feasibility of merging Code 602 into Code 609, Excavation. This review follows a Pennsylvania Compensation Rating Bureau (PCRB) review that was completed in 2013 and had the same objective. The PCRB opined that the existence of two excavation classifications i.e., Code 602 and Code 609, Excavation, as well as the historically lower PCRB loss costs for Code 602 in relation to those for Code 609 and Code 601, Road or Street Construction: Paving or Repaving, contributed to the misallocation of payroll properly assigned to either Code 609 or Code 601 to Code 602. Pursuant to these observations as well as historical experience and statistical analyses, the PCRB proposed that Code 602 be merged into Code 609. The Pennsylvania Insurance Commissioner approved the PCRB's proposal effective for new and renewal policies as of April 1, 2014 and later.

The Delaware residual market rates for Code 602 have been historically higher than those for Code 609 but lower than those for Code 601. This ostensibly reduces the likelihood of the misallocation of payroll properly assigned to Code 609 to Code 602 for employers approved for both classifications however concerns remain about the misallocation of payroll properly assigned to Code 601 to Code 602. Staff also feels that the existence of two separate excavation classifications is problematic and not in line with the objective of the classification procedure, which is to group together reasonably homogeneous employers. Staff notes that the Bureaus endeavor to align DCRB and PCRB classification procedure wherever possible.

The DCRB proposes that Code 602 be merged into Code 609 effective for policies effective December 1, 2018 and later. This merger would assign all excavation operations to the same classification, bringing the classification of excavation contractors in line with the object of the classification procedure and eliminating the potential misallocation of payroll between alternative classifications. Staff created a December 1, 2017 class book page that combines Codes 602 and 609. The December 1, 2017 residual market rate for the revised Code 609 that results from that class book page after balancing and application of the applicable surcharges is \$8.69. This represents a 2.115% increase over the existing December 1, 2017 Code 609 residual market rate (\$8.51). Employers that would be reclassified from Code 602 to Code 609 as a result of this proposal would see a decrease of 4.295% in in relation to the December 1, 2017 Code 602 residual market rate (\$9.08). The proposed residual market rate and voluntary market loss cost for the revised Code 609 if approved will be incorporated into the DCRB's December 1, 2018 comprehensive residual market rate and voluntary market loss cost filing, to be filed with the Commissioner at a later date. Thus, the final proposed Code 609 residual market rate and voluntary market loss cost to be included in DCRB's December 1, 2018 comprehensive rating value filing may differ from the projected residual market rate and voluntary market loss cost referenced above.

TO: Delaware Compensation Rating Bureau, Inc. (DCRB) Classification and Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst – Technical Services

DATE: May 30, 2018

RE: Delaware Classification Study:
Code 602, Road or Street Construction: Subsurface Work,

Introduction

The DCRB has completed a review of Code 602, Road or Street Construction: Subsurface Work. The objective of the review was to determine the feasibility of merging Code 602 into Code 609, Excavation. Code 602 is a specialty excavation classification and applies to all operations of bringing roadbed to grade including clearing of rights-of-way, earth or rock excavation, filling and/or grading. Code 602 does not include the laying of the road sub-base. Code 609 applies to all excavation work not performed in connection with road construction and includes general excavation, grading, trench digging, filling or backfilling.

The Pennsylvania Compensation Rating Bureau (PCRB) completed a review of Code 602 in 2013 with the same objective in mind i.e., the merger of Code 602 into Code 609. In a memorandum to the PCRB Classification and Rating Committee dated May 2, 2013, the PCRB opined that the existence of two separate excavation classifications i.e., Code 602 and 609, as well as the historically lower PCRB loss costs of Code 602 in comparison to both Code 609 and Code 601, Road or Street Construction: Paving or Repaving, contributed to the misallocation of payroll properly assigned to either Code 609 or Code 601 to Code 602. Codes 602 and 601 may be seen as companion classifications in that they apply to different phases of a road construction project, and are often assigned to the same employer. Code 601 applies to the laying of the road sub-base as well as all kinds of paving or repaving, surfacing or resurfacing or scraping, including airport runways or warming aprons. Pursuant to the observations discussed in the PCRB’s May 2, 2013 memorandum as well as historical experience and statistical analyses, the PCRB proposed that Code 602 be merged into Code 609. The Pennsylvania Insurance Commissioner approved the PCRB’s proposal effective for new and renewal policies as of April 1, 2014 and later.

The Delaware residual market rates for Code 602 have been historically higher than those for Code 609 but lower than those for Code 601. Below is a comparison of the Codes 602, 609 and 601 residual market rates for the last three comprehensive rating value revisions:

| Effective Date | Code 602 | Code 609 | Code 601 |
|------------------|----------|----------|----------|
| December 1, 2017 | \$ 9.08 | \$ 8.51 | \$16.01 |
| December 1, 2016 | \$ 9.79 | \$ 9.08 | \$16.89 |
| December 1, 2015 | \$10.14 | \$ 8.89 | \$17.26 |

The rating value relationship between the three classifications in Delaware ostensibly reduces the likelihood of the misallocation of payroll properly assigned to Code 609 to Code 602 for employers approved for both classifications however concerns remain about the misallocation of payroll properly assigned to Code 601 to Code 602. Staff also feels that the existence of two separate excavation classifications is problematic and not in line with the objective of the classification procedure, which is to group together reasonably homogeneous employers.

Further, the Bureaus endeavor to align DCRB and PCRB classification procedure wherever possible, thus the current review.

Background

Code 602 was created effective for new and renewal business as of March 1, 1986 and later. Prior to March 1, 1986 the operations now contemplated by Code 602 were included in Code 601. The creation of Code 602 resulted from the DCRB's efforts to focus Code 601 and to align the scope of Code 601 more closely with its equivalent classifications in effect in other states. This focusing of Code 601 also resulted in the creation of Code 617, Gas, Steam or Water Main Construction, effective for new and renewal business as of March 1, 1986 and later. Code 601 and Code 609 have both been in effect since the creation of the Delaware uniform classification plan effective for new and renewal business as of December 31, 1922 and later. The scopes of Codes 602, 601 and 609 have been periodically revised and/or clarified throughout the years via classification procedural changes and additions, deletions and/or revisions to each classification's Underwriting Guide.

Classification Procedure in Other Jurisdictions

National Council on Compensation Insurance, Inc. (NCCI) Code 5507, Street or Road Construction: Subsurface Work & Drivers, applies to clearing of rights-of-way, earth excavating, filling and grading work in connection with the construction of streets and/or roads. NCCI Code 5508, Street or Road Construction: Rock Excavation & Drivers, applies to rock excavation in connection with the construction of streets and roads. The operations contemplated by both NCCI Codes 5507 and 5508 are included in Delaware Code 602. The equivalent Workers' Compensation Insurance Rating Bureau of California (WCIRB) classification to Delaware Code 602 is Code 5507, Street or Road Construction – Grading.

Both NCCI Code 5506, Street or Road Construction – Paving or Repaving & Drivers, and WCIRB Code 5506, Street or Road Construction – Paving or Repaving, are essentially equivalent to Delaware Code 601. One exception is that Delaware Code 601 includes specialty contractors providing flagging services while the NCCI assigns such operations to Code 7720, Police Officers & Drivers.

There are three states that use a single classification to contemplate the street and road construction tasks contemplated by NCCI Codes 5506, 5507 and 5508 and Delaware Codes 602 and 601. Alaska assigns street or road construction including subsurface work to Code 5516, Street or Road Maintenance, Construction Or Reconstruction By Other Than State, County or Municipality & Drivers. Utah also uses Code 5516, but titles the classification "Street or Road Construction Or Reconstruction By Other Than State, County Or Municipality & Drivers." New Jersey assigns these operations to New Jersey Compensation & Inspection Bureau (NJCRIB) Code 6042, Street Or Road Construction & Drivers.

NCCI Code 6217, Excavation & Drivers, is generally equivalent to Code 609. The WCIRB classifies the operations contemplated by Code 609 to Code 6218 and Code 6220, both of which are titled "Excavation, N.O.C." The Code 6218 phraseology states "Including burrowing, filling or backfilling – employees whose regular hourly wage does not equal or exceed \$26.00 per hour..." The Code 6220 phraseology states "Including burrowing, filling or backfilling – employees whose regular hourly wage equals or exceeds \$26.00 per hour..."

Historical Experience Exhibits

The historical experience exhibits discussed in this report were developed on the basis of the DCRB’s approved December 1, 2017 comprehensive residual market rate and loss cost revision as approved by the Commissioner. The indicated residual market rates shown at the bottom of the historical experience exhibits have not been loaded for the revenue neutral Delaware Workplace Safety and Merit Rating programs or the Delaware Construction Classification Premium Adjustment Program (DCCPAP) surcharge. The residual market rate resulting from an historical experience exhibit is derived by multiplying the indicated residual market rate by a surcharge factor. This factor includes the uniform surcharge factor of 1.0272 and the classification’s DCCPAP surcharge. The voluntary market loss cost resulting from an historical experience exhibit is derived by first multiplying the indicated residual market rate by 0.7255, then multiplying that product by the same combined surcharge factor as above. As indicated in Exhibit 4, the December 1, 2017 DCCPAP surcharges are 1.0713 for Code 602 and 1.0536 for Code 609. Per Exhibit 5, staff developed a December 1, 2017 DCCPAP surcharge of 1.0676 for the combined Code 602 and Code 609.

The report will discuss the following exhibits:

| Exhibit No. | Exhibit Title |
|--------------------|--|
| 1 | Code 602 December 1, 2017 Class Book Page |
| 2 | Code 609 December 1, 2017 Class Book Page |
| 3 | Combined Code 602 and Code 609 December 1, 2017 Class Book Page |
| 4 | Code 602 and Code 609 December 1, 2017 DCCPAP Surcharges |
| 5 | Combined Code 602 and Code 609 December 1, 2017 DCCPAP Surcharge |

Staff compared the historical experience of Exhibit 1 and Exhibit 2. Below is a summary of the historical experience comparison:

| Exhibit No. | Reported Pure Premium | Indicated Pure Premium (Pre-Test) | Indicated Pure Premium (Post Test) |
|--------------------|------------------------------|--|---|
| 1 | \$2.017 | \$2.200 | \$2.671 |
| 2 | \$3.501 | \$4.172 | \$5.065 |

Code 602 has relatively low credibility. There are 46 employers reporting payroll to Code 602 on the DCRB’s database. The five year total payroll shown in Exhibit 1 is \$46,361,000. This falls below the five year minimum payroll that separates a “reviewed” classification from a “non-reviewed” classification, which is \$46,499,600 effective December 1, 2017. The DCRB has established different actuarial procedures for calculating the rating values for “reviewed” versus “non-reviewed” classifications. For the “non-reviewed” classification rating value calculation procedure to be invoked there must be a Pennsylvania classification equivalent to the non-reviewed Delaware classification. The rating values developed for the non-reviewed Delaware classification would in such case be determined in part based on rating value relativities developed for the Pennsylvania counterpart. As noted earlier in the report, the Pennsylvania Insurance Commissioner approved the PCRB’s proposal to merge Code 602 into Code 609 effective for new and renewal policies as of April 1, 2014 and later. As a consequence,

subsequent rating values developed for “non-reviewed” Delaware Code 602 have in part been based upon rating value relativities developed for Pennsylvania Code 609.

Exhibit 1 is shown to have lower i.e., more favorable values than Exhibit 2 for reported pure premium, indicated pure premium (pre-test) and indicated pure premium (post-test). As indicated earlier in the report however, the residual market rates for Code 602 have been historically higher than those for Code 609. The reported pure premiums and indicated pure premiums shown in the historical experience exhibits reflect recent experience which influences to what degree the current rate may change in a given year. The indicated pure premium is assigned a weighting based upon the classification’s credibility. The rest of the weighting is based on the underlying present rate after applying an on-level factor. The proposed pure premium is then calculated as the median of the indicated (post-test) pure premium, the underlying present rate (on-level) pure premium and the weighting of the two. The lower Code 602 indicated pure premium indicates more favorable experience than Code 609. However, because Code 602 has relatively low credibility the final Code 602 rate is primarily based on its present rate level, which is higher than that for Code 609.

Conclusion and Recommendation

The DCRB proposes that Code 602 be merged into Code 609 effective for policies effective December 1, 2018 and later. This merger would assign all excavation operations to the same classification, bringing the classification of excavation contractors in line with the object of the classification procedure and eliminating the potential misallocation of payroll between alternative classifications. Staff created a December 1, 2017 class book page that combines Codes 602 and 609 (Exhibit 3). The historical experience of Exhibit 3 is summarized below:

| Exhibit No. | Reported Pure Premium | Indicated Pure Premium (Pre-Test) | Indicated Pure Premium (Post Test) |
|-------------|-----------------------|-----------------------------------|------------------------------------|
| 3 | \$3.241 | \$3.827 | \$4.647 |

The indicated pre-surge rate shown in Exhibit 3 is \$7.95. Applying the calculations that the DCRB’s actuarial staff uses to keep overall rating value changes balanced to that figure results in a selected pre-surge rate of \$7.94. Using the rating value development procedures discussed in the “Historical Experience Exhibits” section of this report results in a revised December 1, 2017 Code 609 residual market rating value of \$8.69. This represents a 2.115% increase in the Code 609 residual market rate. Employers that would be reclassified from Code 602 to Code 609 as a result of this proposal would see a decrease of 4.295% in residual market rates. The proposed residual market rate and voluntary market loss cost for the revised Code 609 if approved will be incorporated into the DCRB’s December 1, 2018 comprehensive residual market rate and voluntary market loss cost filing, to be filed with the Commissioner at a later date. Thus, the final proposed Code 609 residual market rate and voluntary market loss cost to be included in DCRB’s December 1, 2018 comprehensive rating value filing may differ from the projected residual market rate and voluntary market loss cost referenced above.

The proposed enabling Sections 2 Manual language amendments for this classification proposal are attached for the Committee’s review. In the event of the Commissioner’s approval of the classification filing, the carrier of record for each employer impacted by this revision will be notified of their insured’s classification reassignment and a copy of that notice will be provided to the employer. The employer’s loss and payroll history will also be reassigned from Code 602 to

DCRB Classification & Rating Committee
Delaware Classification Review – Code 602, Road or Street Construction – Subsurface Work
May 30, 2018
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Code 609, and the employer's experience rating modification (if applicable) on or after December 1, 2017 will be recalculated on the basis of the loss and payroll reassignment.

Attachments.

c: Bill Taylor
Delisa Fairley
Vince Dean
Joe Lombo

EXHIBIT 1

CLASS ROAD CONSTRUCTION SUBSURFACE WORK

PAYROLLS REFLECTING STANDARD EXCEPTIONS

CODE 602

PAGE 122

| MANUAL YEAR | PAYROLL IN THOUS | TOTAL REPT. LOSSES | PURE PREM. REPORTED | NUMBER OF CASES | | | | | |
|-------------|------------------|--------------------|---------------------|-----------------|-------|-------|-------|------|-----|
| | | | | DEATH | P. T. | MAJOR | MINOR | TEMP | ALL |
| 2010 | 11,493 | 179,895 | 1,565 | | | | 3 | 5 | 8 |
| 2011 | 6,007 | 476,564 | 7,933 | | | 2 | | 2 | 4 |
| 2012 | 7,798 | 82,905 | 1,063 | | | | 1 | 3 | 4 |
| 2013 | 10,395 | 42,813 | .411 | | | | | 3 | 3 |
| 2014 | 10,668 | 153,113 | 1,435 | | | | 2 | 2 | 2 |
| TOTAL | 46,361 | 935,290 | 2,017 | | | 2 | 6 | 13 | 21 |

REPORTED LOSSES

| MANUAL YEAR | DEATH | INDEMNITY | | | TEMP | DEATH | MEDICAL | | | MED. ONLY |
|-------------|-------|-----------|---------|---------|--------|-------|---------|-------|--------|-----------|
| | | P. T. | MAJOR | MINOR | | | MAJOR | MINOR | TEMP | |
| 2010 | | | | 47,493 | 16,707 | | | | 55,516 | 15,987 |
| 2011 | | | 339,473 | | 1,584 | | 113,824 | | 6,745 | 14,938 |
| 2012 | | | | 36,839 | 4,171 | | | | 10,041 | 3,959 |
| 2013 | | | | | 2,799 | | | | 20,476 | 19,538 |
| 2014 | | | | 89,537 | | | | | | 7,532 |
| TOTAL | | | 339,473 | 173,869 | 25,261 | | 113,824 | | 92,778 | 61,954 |

TRANSLATED LOSSES

| MANUAL YEAR | DEATH | INDEMNITY | | | TEMP | DEATH | MEDICAL | | | MED. ONLY |
|-------------|-------|-----------|---------|---------|--------|-------|---------|-------|---------|-----------|
| | | P. T. | MAJOR | MINOR | | | MAJOR | MINOR | TEMP | |
| 2010 | | | | 97,551 | 40,982 | | | | 134,848 | 15,939 |
| 2011 | | 5,623 | 594,931 | 3,216 | 16,422 | | 245,948 | | 20,243 | 15,879 |
| 2012 | | 234 | 14,801 | 65,038 | 9,272 | | 14,881 | | 21,099 | 4,232 |
| 2013 | | 58 | 1,963 | 1,159 | 4,063 | 190 | 10,634 | | 32,761 | 19,362 |
| 2014 | 116 | 2,774 | 164,160 | 107,237 | 16,760 | 430 | 109,006 | | 12,206 | 7,863 |
| TOTAL | 116 | 8,689 | 775,855 | 274,201 | 87,499 | 620 | 380,469 | | 221,157 | 63,285 |

| TOTAL TRANS. LOSSES PG B | SERIOUS | | NON-SERIOUS | | MED. ONLY | | TOTAL |
|--------------------------|---------|---------|-------------|---------|-----------|-----------------|-------|
| | 12-1-14 | 12-1-15 | 12-1-16 | 12-1-17 | 12-1-17 | IND. RATE | |
| TOTAL TRANS. LOSSES PG A | 8.62 | 9.05 | 8.81 | 8.26 | 8.26 | MINIMUM PREMIUM | 2000 |
| IBNR + FREQUENCY ADJUST. | | | | 8.26 | | PRESENT | 2000 |
| TOTAL LOSSES | | | | | | | |
| EXPECTED LOSSES | | | | | | | |
| CREDIBILITY | | | | | | | |
| PURE PREMIUMS | | | | | | | |
| INDICATED (PRE-TEST) | | | | | | | |
| INDICATED (POST-TEST) | | | | | | | |
| PRES. ON RATE LEVEL | | | | | | | |
| DERIVED BY FORMULA | | | | | | | |
| UNDERLYING PRES. RATE | | | | | | | |
| PROPOSED | | | | | | | |

+PROPOSED

EXHIBIT 2

CLASS EXCAVATION

PAYROLLS REFLECTING STANDARD EXCEPTIONS

CODE 609

PAGE 127

| MANUAL YEAR | PAYROLL IN THOUS | TOTAL REPT. LOSSES | PURE PREM. REPORTED | NUMBER OF CASES | | | | | |
|-------------|------------------|--------------------|---------------------|-----------------|-------|-------|-------|------|-----|
| | | | | DEATH | P. T. | MAJOR | MINOR | TEMP | ALL |
| 2010 | 39,376 | 1,335,440 | 3,391 | | | 2 | 7 | 16 | 25 |
| 2011 | 40,250 | 1,649,331 | 4,097 | 1 | | 3 | 5 | 7 | 16 |
| 2012 | 44,389 | 423,774 | .955 | | | 1 | 2 | 9 | 12 |
| 2013 | 43,358 | 1,086,621 | 2,506 | | | 3 | 3 | 6 | 15 |
| 2014 | 51,249 | 3,157,634 | 6,161 | 1 | | 2 | 4 | 19 | 26 |
| TOTAL | 218,602 | 7,652,800 | 3,501 | 2 | | 11 | 24 | 57 | 94 |

REPORTED LOSSES

| MANUAL YEAR | DEATH | INDEMNITY | | | DEATH | P. T. | MEDICAL | | | MED. ONLY |
|-------------|---------|-----------|---------|---------|-------|-------|-----------|---------|---------|-----------|
| | | MAJOR | MINOR | TEMP | | | MAJOR | MINOR | TEMP | |
| 2010 | | 252,577 | 200,727 | 142,975 | | | 227,718 | 172,206 | 300,830 | 38,407 |
| 2011 | 14,441 | 656,641 | 149,899 | 15,039 | | | 676,421 | 100,322 | 23,694 | 12,874 |
| 2012 | | 120,355 | 14,263 | 28,035 | | | 65,229 | 56,365 | 93,551 | 45,976 |
| 2013 | | 378,761 | 89,742 | 35,920 | | | 300,553 | 139,945 | 48,790 | 92,910 |
| 2014 | 87,938 | 839,103 | 104,009 | 191,440 | 1,500 | | 1,445,782 | 128,131 | 256,688 | 103,043 |
| TOTAL | 102,379 | 2,247,437 | 558,640 | 413,409 | 1,500 | | 2,715,703 | 596,969 | 723,553 | 293,210 |

TRANSLATED LOSSES

| MANUAL YEAR | DEATH | INDEMNITY | | | DEATH | P. T. | MEDICAL | | | MED. ONLY |
|-------------|---------|-----------|-----------|-----------|--------|--------|-----------|-----------|-----------|-----------|
| | | MAJOR | MINOR | TEMP | | | MAJOR | MINOR | TEMP | |
| 2010 | | 448,072 | 412,293 | 350,719 | | | 533,998 | 396,690 | 730,716 | 38,292 |
| 2011 | 34,536 | 858,773 | 285,958 | 56,167 | | | 980,516 | 241,518 | 75,495 | 13,685 |
| 2012 | | 242,587 | 34,065 | 59,424 | | | 232,233 | 138,317 | 188,697 | 49,148 |
| 2013 | 876 | 22,142 | 186,939 | 86,981 | | 34,367 | 1,226,470 | 323,893 | 118,034 | 92,167 |
| 2014 | 117,626 | 33,234 | 348,421 | 268,739 | 26,930 | | 1,582,318 | 544,767 | 378,887 | 107,577 |
| TOTAL | 153,038 | 72,301 | 3,338,499 | 1,267,676 | 61,297 | | 4,555,535 | 1,645,085 | 1,491,829 | 300,869 |

| | SERIOUS | NON-SERIOUS | MED. ONLY | TOTAL |
|--------------------------|------------|-------------|-----------|-----------------|
| TOTAL TRANS. LOSSES PGB | 8,268,926 | 5,226,620 | 300,869 | |
| TOTAL TRANS. LOSSES PG A | | | | |
| IBNR + FREQUENCY ADJUST. | -3,812,992 | -864,097 | 1,766 | |
| TOTAL LOSSES | 4,455,934 | 4,362,523 | 302,635 | |
| EXPECTED LOSSES | 8,525,478 | 3,237,497 | 238,276 | |
| CREDIBILITY | .05 | .13 | .14 | |
| PURE PREMIUMS | | | | |
| INDICATED (PRE-TEST) | 2,038 | 1,996 | .138 | 4,172 |
| INDICATED (POST-TEST) | 2,474 | 2,423 | .168 | 5,065 |
| PRES. ON RATE LEVEL | 3,630 | 1,454 | .107 | 5,391 |
| DERIVED BY FORMULA | 3,762 | 1,580 | .116 | 5,458 |
| UNDERLYING PRES. RATE | 3,900 | 1,481 | .109 | 5,490 |
| PROPOSED | 3,716 | 1,561 | .114 | 5,391 |
| IND. RATES | 12-1-14 | 12-1-15 | 12-1-16 | 12-1-17 |
| MAN. RATES | 7.52 | 8.12 | 8.30 | 7.87 |
| | | | | MINIMUM PREMIUM |
| | | | | 2000 |
| | | | | PRESENT |
| | | | | 2000 |

+PROPOSED

EXHIBIT 3

CLASS:
EXCAVATION

INDUSTRY GROUP:
2

CODE:
602 + 609

| Manual Year | Payroll in Thous. | Total Rept Losses | Total Trans Losses | Pure Prem Reported | Claim Severity | Claim Frequency | Number of Cases | | | All | | |
|-------------|-------------------|-------------------|--------------------|--------------------|----------------|-----------------|-----------------|------|-------|-----|-------|------|
| | | | | | | | Death | P.T. | Major | | Minor | Temp |
| 2010 | 50,869 | 1,515,335 | 3,301,775 | 2,979 | 44,271 | 0.6490 | 0 | 0 | 2 | 10 | 21 | 33 |
| 2011 | 46,257 | 2,125,895 | 3,472,261 | 4,596 | 104,904 | 0.4320 | 1 | 0 | 5 | 5 | 9 | 20 |
| 2012 | 52,167 | 506,679 | 1,151,999 | 0,971 | 28,547 | 0.3070 | 0 | 0 | 1 | 3 | 12 | 16 |
| 2013 | 53,753 | 1,129,434 | 3,069,248 | 2,101 | 56,499 | 0.3350 | 0 | 0 | 3 | 6 | 9 | 18 |
| 2014 | 61,917 | 3,310,747 | 4,867,728 | 5,347 | 114,292 | 0.4520 | 1 | 0 | 2 | 6 | 19 | 28 |
| TOTAL | 264,963 | 8,588,090 | 15,863,011 | 3,241 | 71,591 | 0.4340 | 2 | 0 | 13 | 30 | 70 | 115 |
| O.D. | 0 | 0 | 0 | 0,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

REPORTED LOSSES

| Manual Year | Indemnity | | | Medical | | |
|-------------|-----------|------|-----------|---------|------|-----------|
| | Death | P.T. | Temp | Death | P.T. | Temp |
| 2010 | 0 | 0 | 159,682 | 0 | 0 | 227,718 |
| 2011 | 14,441 | 0 | 996,114 | 0 | 0 | 790,245 |
| 2012 | 0 | 0 | 120,355 | 0 | 0 | 51,102 |
| 2013 | 0 | 0 | 378,761 | 0 | 0 | 38,719 |
| 2014 | 87,938 | 0 | 839,103 | 1,500 | 0 | 1,445,782 |
| TOTAL | 102,379 | 0 | 2,586,910 | 1,500 | 0 | 2,829,527 |
| O.D. | 0 | 0 | 0 | 0 | 0 | 0 |

TRANSLATED LOSSES

| Manual Year | Indemnity | | | Medical | | |
|-------------|-----------|--------|-----------|---------|--------|-----------|
| | Death | P.T. | Temp | Death | P.T. | Temp |
| 2010 | 0 | 0 | 448,072 | 0 | 0 | 533,999 |
| 2011 | 34,536 | 13,651 | 1,453,738 | 0 | 11,720 | 1,226,443 |
| 2012 | 0 | 9,146 | 257,383 | 0 | 11,213 | 247,098 |
| 2013 | 879 | 22,272 | 854,127 | 35,041 | 44,698 | 1,237,091 |
| 2014 | 117,908 | 36,186 | 1,101,188 | 26,650 | 24,407 | 1,690,969 |
| TOTAL | 153,323 | 81,255 | 4,114,508 | 61,691 | 92,038 | 4,935,600 |
| O.D. | 0 | 0 | 0 | 0 | 0 | 0 |

TOTAL

| SERIOUS | NON-SER | MED ONLY | TOTAL |
|-------------|-------------|-------------|---------|
| 9,438,415 | 6,060,432 | 364,164 | 364,164 |
| (4,622,940) | (1,098,963) | 2,244 | 2,244 |
| 4,815,475 | 4,960,469 | 366,408 | 366,408 |
| 10,304,411 | 4,096,328 | 302,058 | 302,058 |
| 0.05 | 0.14 | 0.16 | 0.16 |
| 1.817 | 1.872 | 0.138 | 0.138 |
| 2.206 | 2.273 | 0.168 | 0.168 |
| 3.819 | 1.518 | 0.112 | 0.112 |
| 3.738 | 1.624 | 0.121 | 0.121 |
| 3.889 | 1.546 | 0.114 | 0.114 |
| 3.715 | 1.614 | 0.120 | 0.120 |
| 12-01-16 | 12-01-17 | IND RATE = | 7.951 |
| IND. RATE | 7.95 | ADJ. RATE = | 7.95 |
| MAN. RATE | 8.38 | | |

PURE PREMIUMS

INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON RATE LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. RATE
PROPOSED

EXPECTED LOSSES

CREDIBILITY

10,304,411

4,096,328

0.05

0.14

0.16

302,058

366,408

364,164

2,244

366,408

0.138

0.168

0.112

0.121

0.114

0.120

3.827

4.647

5.449

5.483

5.549

5.449

EXHIBIT 4

DCCPAP Manual Rate Surcharges
For Policy Effective Dates 01/01/14 Through 12/31/14

100% Credibility = 150 Policies
Partial Credibility = # of Policies / 150

| Class | # of Policies (Total) | # of Policies (DCCPAP) | Payroll (Total) | Payroll (DCCPAP) | Pre-DCCPAP | Post-DCCPAP | Premium | Pre-DCCPAP | Post-DCCPAP | Premium | Pre-DCCPAP | Post-DCCPAP | Premium | Pre-DCCPAP | Post-DCCPAP | Premium | Indicated Surcharge | Average DCCPAP Credit | Class "Z" | Formula Surcharge | Final Surcharge | | | |
|-------|-----------------------|------------------------|-----------------|------------------|------------|-------------|-----------|------------|-------------|---------|------------|-------------|---------|------------|-------------|-------------|---------------------|-----------------------|------------|-------------------|-----------------|--------|--------|--------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | | | |
| 601 | 41 | 15 | 25,002,932 | 9,596,057 | 873,020 | 708,647 | 1,044,364 | 1,044,364 | 1,044,364 | 0.1883 | 0.27 | 1.0721 | 1.0710 | 21 | 13 | 10,668,470 | 6,058,477 | 459,298 | 379,324 | 269,224 | 1,233 | 0.1741 | 1.0724 | 1.0713 |
| 602 | 33 | 16 | 5,256,157 | 2,469,691 | 226,937 | 195,326 | 245,337 | 245,337 | 245,337 | 0.1393 | 0.22 | 1.0658 | 1.0647 | 605 | 7 | 538,358 | 26,159 | 17,512 | 17,512 | 0.0800 | 0.05 | 1.0634 | 1.0623 | |
| 603 | 33 | 16 | 5,256,157 | 2,469,691 | 226,937 | 195,326 | 245,337 | 245,337 | 245,337 | 0.1393 | 0.22 | 1.0658 | 1.0647 | 607 | 1 | 2,361,370 | 15,286 | 1,507 | 1,507 | 0.2395 | 0.17 | 1.0536 | 1.0525 | |
| 604 | 26 | 1 | 42,800,659 | 25,572,709 | 1,550,981 | 1,304,730 | 1,058,324 | 1,058,324 | 1,058,324 | 1.042 | 1.00 | 1.1031 | 1.1031 | 608 | 61 | 42,800,659 | 25,572,709 | 1,550,981 | 1,304,730 | 1.042 | 1.00 | 1.1031 | 1.1031 | |
| 609 | 162 | 39 | 51,257,880 | 20,693,875 | 1,075,898 | 937,005 | 1,600,568 | 1,600,568 | 1,600,568 | 0.1291 | 0.30 | 1.0560 | 1.0549 | 611 | 5 | 356,557 | 92,918 | 9,692 | 8,761 | 0.0961 | 0.03 | 1.0630 | 1.0619 | |
| 610 | 5 | 2 | 356,557 | 92,918 | 9,692 | 8,761 | 25,388 | 25,388 | 25,388 | 0.0961 | 0.03 | 1.0630 | 1.0619 | 615 | 0 | 0 | 0 | 0 | 0 | N/A | 0.00 | 1.0641 | 1.0641 | |
| 615 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 616 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 617 | 31 | 13 | 9,927,978 | 6,547,252 | 359,929 | 317,225 | 218,958 | 218,958 | 218,958 | 0.1186 | 0.21 | 1.0674 | 1.0663 | 625 | 18 | 3,519,362 | 98,672 | 6,622 | 5,229 | 263,781 | 1.0052 | 0.2104 | 1.0570 | 1.0559 |
| 625 | 18 | 3 | 3,519,362 | 98,672 | 6,622 | 5,229 | 263,781 | 263,781 | 263,781 | 0.1186 | 0.21 | 1.0674 | 1.0663 | 643 | 12 | 3,025,704 | 585,127 | 83,269 | 74,632 | 237,921 | 1.0276 | 0.1037 | 1.0612 | 1.0601 |
| 643 | 12 | 2 | 3,025,704 | 585,127 | 83,269 | 74,632 | 237,921 | 237,921 | 237,921 | 0.1037 | 0.08 | 1.0612 | 1.0601 | 645 | 107 | 15,375,407 | 7,782,599 | 504,849 | 420,436 | 521,902 | 1.0896 | 0.1672 | 1.0822 | 1.0811 |
| 645 | 107 | 18 | 15,375,407 | 7,782,599 | 504,849 | 420,436 | 521,902 | 521,902 | 521,902 | 0.1672 | 0.71 | 1.0822 | 1.0811 | 646 | 45 | 4,807,249 | 46,567 | 35,621 | 35,621 | 0.2351 | 0.30 | 1.0560 | 1.0549 | |
| 646 | 45 | 3 | 4,807,249 | 46,567 | 35,621 | 35,621 | 259,322 | 259,322 | 259,322 | 0.2351 | 0.30 | 1.0560 | 1.0549 | 647 | 25 | 5,251,325 | 18,803 | 1,421 | 1,150 | 577,165 | 1.0005 | 0.1907 | 1.0533 | 1.0522 |
| 647 | 25 | 3 | 5,251,325 | 18,803 | 1,421 | 1,150 | 577,165 | 577,165 | 577,165 | 0.1907 | 0.17 | 1.0533 | 1.0522 | 648 | 144 | 13,110,824 | 1,498,251 | 90,335 | 78,920 | 650,461 | 1.0157 | 0.1264 | 1.0176 | 1.0166 |
| 648 | 144 | 12 | 13,110,824 | 1,498,251 | 90,335 | 78,920 | 650,461 | 650,461 | 650,461 | 0.1264 | 0.96 | 1.0176 | 1.0166 | 649 | 35 | 6,053,634 | 145,470 | 117,358 | 117,358 | 78,286 | 1.1437 | 0.1932 | 1.0824 | 1.0813 |
| 649 | 35 | 16 | 6,053,634 | 145,470 | 117,358 | 117,358 | 78,286 | 78,286 | 78,286 | 0.1932 | 0.23 | 1.0824 | 1.0813 | 651 | 215 | 34,369,353 | 5,913,252 | 943,940 | 797,075 | 1,236,258 | 1.0722 | 0.1556 | 1.0722 | 1.0711 |
| 651 | 215 | 47 | 34,369,353 | 5,913,252 | 943,940 | 797,075 | 1,236,258 | 1,236,258 | 1,236,258 | 0.1556 | 1.00 | 1.0722 | 1.0711 | 652 | 424 | 32,874,173 | 5,843,045 | 546,093 | 472,906 | 2,550,542 | 1.0242 | 0.1340 | 1.0242 | 1.0231 |
| 652 | 424 | 29 | 32,874,173 | 5,843,045 | 546,093 | 472,906 | 2,550,542 | 2,550,542 | 2,550,542 | 0.1340 | 1.00 | 1.0242 | 1.0231 | 653 | 155 | 18,969,904 | 4,144,647 | 309,406 | 273,022 | 1,139,061 | 1.0258 | 0.1176 | 1.0258 | 1.0247 |
| 653 | 155 | 16 | 18,969,904 | 4,144,647 | 309,406 | 273,022 | 1,139,061 | 1,139,061 | 1,139,061 | 0.1176 | 1.00 | 1.0258 | 1.0247 | 654 | 65 | 12,239,110 | 5,441,084 | 561,362 | 441,587 | 456,053 | 1.1334 | 0.2134 | 1.0939 | 1.0928 |
| 654 | 65 | 17 | 12,239,110 | 5,441,084 | 561,362 | 441,587 | 456,053 | 456,053 | 456,053 | 0.2134 | 0.43 | 1.0939 | 1.0928 | 655 | 36 | 6,958,486 | 1,928,957 | 286,932 | 233,790 | 747,470 | 1.0542 | 0.24 | 1.0617 | 1.0606 |
| 655 | 36 | 11 | 6,958,486 | 1,928,957 | 286,932 | 233,790 | 747,470 | 747,470 | 747,470 | 0.24 | 0.24 | 1.0617 | 1.0606 | 656 | 20 | 5,844,133 | 0 | 0 | 0 | 336,279 | 1.0000 | N/A | 1.0558 | 1.0641 |
| 656 | 20 | 0 | 5,844,133 | 0 | 0 | 0 | 336,279 | 336,279 | 336,279 | N/A | 0.13 | 1.0558 | 1.0641 | 657 | 4 | 165,061 | 0 | 0 | 0 | 15,949 | 1.0000 | N/A | 1.0622 | 1.0641 |
| 657 | 4 | 0 | 165,061 | 0 | 0 | 0 | 15,949 | 15,949 | 15,949 | N/A | 0.13 | 1.0622 | 1.0641 | 658 | 46 | 5,003,591 | 1,554,278 | 175,224 | 155,867 | 312,876 | 1.0413 | 0.1105 | 1.0570 | 1.0559 |
| 658 | 46 | 9 | 5,003,591 | 1,554,278 | 175,224 | 155,867 | 312,876 | 312,876 | 312,876 | 0.1105 | 0.31 | 1.0570 | 1.0559 | 659 | 54 | 6,009,772 | 1,559,984 | 341,535 | 317,634 | 807,622 | 1.0212 | 0.0700 | 1.0487 | 1.0476 |
| 659 | 54 | 6 | 6,009,772 | 1,559,984 | 341,535 | 317,634 | 807,622 | 807,622 | 807,622 | 0.0700 | 0.36 | 1.0487 | 1.0476 | 661 | 307 | 93,881,372 | 41,053,733 | 1,071,822 | 864,807 | 1,555,971 | 1.0855 | 0.1931 | 1.0855 | 1.0844 |
| 661 | 307 | 46 | 93,881,372 | 41,053,733 | 1,071,822 | 864,807 | 1,555,971 | 1,555,971 | 1,555,971 | 0.1931 | 1.00 | 1.0855 | 1.0844 | 663 | 287 | 90,195,367 | 24,402,016 | 1,118,878 | 897,895 | 3,180,084 | 1.0542 | 0.1975 | 1.0542 | 1.0531 |
| 663 | 287 | 47 | 90,195,367 | 24,402,016 | 1,118,878 | 897,895 | 3,180,084 | 3,180,084 | 3,180,084 | 0.1975 | 1.00 | 1.0542 | 1.0531 | 664 | 242 | 84,984,186 | 50,489,868 | 2,672,752 | 2,162,340 | 1,729,356 | 1.1312 | 0.1910 | 1.1312 | 1.1300 |
| 664 | 242 | 60 | 84,984,186 | 50,489,868 | 2,672,752 | 2,162,340 | 1,729,356 | 1,729,356 | 1,729,356 | 0.1910 | 1.00 | 1.1312 | 1.1300 | 665 | 144 | 17,759,023 | 3,875,332 | 319,467 | 267,737 | 1,208,626 | 1.0350 | 0.1619 | 1.0350 | 1.0351 |
| 665 | 144 | 13 | 17,759,023 | 3,875,332 | 319,467 | 267,737 | 1,208,626 | 1,208,626 | 1,208,626 | 0.1619 | 0.96 | 1.0350 | 1.0351 | 666 | 35 | 2,969,227 | 542,856 | 37,302 | 30,837 | 172,002 | 1.0319 | 0.1733 | 1.0567 | 1.0556 |
| 666 | 35 | 2 | 2,969,227 | 542,856 | 37,302 | 30,837 | 172,002 | 172,002 | 172,002 | 0.1733 | 0.23 | 1.0567 | 1.0556 | 667 | 22 | 2,471,054 | 803,371 | 13,969 | 11,734 | 32,479 | 1.0506 | 0.1600 | 1.0621 | 1.0610 |
| 667 | 22 | 1 | 2,471,054 | 803,371 | 13,969 | 11,734 | 32,479 | 32,479 | 32,479 | 0.1600 | 0.15 | 1.0621 | 1.0610 | 668 | 49 | 3,264,549 | 710,418 | 40,831 | 31,007 | 173,492 | 1.0480 | 0.2406 | 1.0588 | 1.0577 |
| 668 | 49 | 6 | 3,264,549 | 710,418 | 40,831 | 31,007 | 173,492 | 173,492 | 173,492 | 0.2406 | 0.33 | 1.0588 | 1.0577 | 669 | 6 | 648,227 | 604,405 | 44,599 | 39,060 | 3,182 | 1.1311 | 0.1242 | 1.0668 | 1.0657 |
| 669 | 6 | 3 | 648,227 | 604,405 | 44,599 | 39,060 | 3,182 | 3,182 | 3,182 | 0.1242 | 0.04 | 1.0668 | 1.0657 | 674 | 16 | 1,235,736 | 0 | 0 | 0 | 76,099 | 1.0000 | N/A | 1.0570 | 1.0641 |
| 674 | 16 | 0 | 1,235,736 | 0 | 0 | 0 | 76,099 | 76,099 | 76,099 | N/A | 0.11 | 1.0570 | 1.0641 | 675 | 185 | 57,247,625 | 7,493,904 | 354,895 | 290,502 | 2,210,938 | 1.0257 | 0.1814 | 1.0257 | 1.0246 |
| 675 | 185 | 16 | 57,247,625 | 7,493,904 | 354,895 | 290,502 | 2,210,938 | 2,210,938 | 2,210,938 | 0.1814 | 1.00 | 1.0257 | 1.0246 | 676 | 37 | 5,593,235 | 2,742,382 | 182,285 | 155,948 | 155,948 | 1.0803 | 0.1458 | 1.0682 | 1.0671 |
| 676 | 37 | 8 | 5,593,235 | 2,742,382 | 182,285 | 155,948 | 155,948 | 155,948 | 155,948 | 0.1458 | 0.25 | 1.0682 | 1.0671 | 677 | 8 | 18,841,956 | 0 | 0 | 0 | 469,270 | 1.0000 | N/A | 1.0609 | 1.0641 |
| 677 | 8 | 0 | 18,841,956 | 0 | 0 | 0 | 469,270 | 469,270 | 469,270 | N/A | 0.05 | 1.0609 | 1.0641 | Total | 3,270 | 700,839,006 | 255,205,376 | 14,463,246 | 12,035,999 | 25,807,671 | 1.0641 | 0.1678 | 1.0652 | 1.0642 |

Note: For each Class,
Indicated Surcharge = (Total Premium Pre-DCCPAP) / (Total Premium Post-DCCPAP)
Basis of Credibility: 1 / (# DCCPAP Policies) / (# Total Policies) * 25 = 150 Policies for Full Credibility
Formula Surcharge = (Indicated Surcharge) * (Credibility for that Class) + (1 - Credibility) * (Average Indicated Surcharge)
Final Surcharge = Formula Surcharge * Test Correction Factor

Test Correction Factor = 0.99897

DELAWARE WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY INSURANCE

**Proposed Effective December 1, 2018
SECTION 1**

RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM
INFORMATION PAGE remains unchanged.

PREFACE remains unchanged.

MEMBERSHIP remains unchanged.

SECTION 1 – Underwriting Rules-Rule I (General) through Rule VIII (Limits of Liability) remains unchanged.

RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

H. DELAWARE CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

2. “**Construction classifications**” are those classifications subject to the following code numbers:

| | | | | | | |
|----------------|-----|-----|-----|-----|-----|-----|
| 601 | 609 | 645 | 652 | 658 | 666 | 676 |
| 602 | 611 | 646 | 653 | 659 | 667 | 677 |
| 603 | 615 | 647 | 654 | 661 | 668 | |
| 605 | 617 | 648 | 655 | 663 | 669 | |
| 607 | 625 | 649 | 656 | 664 | 674 | |
| 608 | 643 | 651 | 657 | 665 | 675 | |

SECTION 2

CLASSIFICATIONS

CHANGES

601 ROAD or Street CONSTRUCTION: Paving or Repaving

Applies to the laying of the road....shall be assigned to Code 601.

OPERATIONS ALSO INCLUDED:

No changes to items 1, 2, 3 or 4.

OPERATIONS NOT INCLUDED:

1. No change.
2. Separately rate subsurface work which involves all work necessary to bring the road up to grade or rock excavation, filling or grading to Code ~~602~~609.
3. No change.

4. [Separately rate tunneling projects to Code 615.](#)
5. [Assign the applicable quarrying classification to quarrying and stone crushing by the quarry operator](#)

609 EXCAVATION

Applicable to payroll developed in general excavation, grading, trench digging, filling or backfilling. [Also applicable to road construction subsurface work which involves all work necessary to bring the road up to grade including earth or rock excavation, filling or grading.](#) Such work is performed with power shovels, trench diggers, bulldozers or graders. The business may be a specialist excavation contractor principally engaged in one or more of the listed tasks. The business may be a general contractor employing a separate staff performing one or more of the listed tasks or the business has kept separate payroll records for personnel who interchange between one or more of the tasks listed above and other construction tasks assigned to another construction classification.

OPERATIONS ALSO INCLUDED:

1. All methods of clearing or removing brush and/or tree stumps that is not incident to tree removal ~~except for road construction.~~
2. Excavation and/or grading for parking lots.

OPERATIONS NOT INCLUDED:

1. Assign Code 602 to payroll developed in clearing or removing brush for road construction. Code 602 shall also be assigned to road or street construction subsurface work which involves all work that brings the road up to grade: earth or rock excavation, filling or grading.
2. Assign the applicable "all work to completion" construction classification when a business is performing work assignable to an "all work to completion" classification. Any excavation work performed by the business incident to an "all work to completion" job or project shall be included in the "all work to completion" construction classification applicable to the job or project.
3. [Blasting services by specialist/independent contractors under contract with unrelated businesses including incidental drilling.](#)
4. [Cross-country oil or gas pipeline construction.](#)
5. [Landfill operation by independent contractor.](#)

OPERATIONS NOT INCLUDED:

- ~~1. Assign Code 602 to payroll developed in clearing or removing brush for road construction. Code 602 shall also be assigned to road or street construction subsurface work which involves all work that brings the road up to grade: earth or rock excavation, filling or grading.~~
- ~~2.1.~~ Assign the applicable "all work to completion" construction classification when a business is performing work assignable to an "all work to completion" classification. Any excavation work performed by the business incidental to an "all work to completion" job or project shall be included in the "all work to completion" construction classification applicable to the job or project.
2. [Separately rate the laying of a road's sub-base, its paving or repaving, surfacing or resurfacing or scraping to Code 601. This also includes airport runways or warming aprons.](#)

3. Separately rate tunneling projects to Code 615.
4. Separately rate bridge and culvert building where clearance is more than 10 feet at any point or the entire distance between terminal abutments exceeds 20 feet to Code 654.
5. Assign the applicable quarrying classification to quarrying and stone crushing by quarry operator.

UNDERWRITING GUIDE

Code 609:

Rock Excavation, Not Quarry, ~~Not By Road Contractor~~

To Code 609 (From Code 602):

Airport Runway Or Warming Apron Construction – Subsurface Work
Culvert Construction, Not Exceeding 10 Feet Span
Excavation – Street Or Road – Including Rock Excavation
Street Or Road Rock Excavation
Sub-Surface Work – Road Or Street Construction

DELETIONS

~~**602 ROAD or Street CONSTRUCTION: Subsurface work**~~

~~Applies to all operations of bringing roadbed to grade including clearing of right-of-way, earth or rock excavation, filling or grading. It does not include laying the sub-base.~~

~~As provided for in this Manual separately rate: tunneling, bridge or culvert building where clearance is more than 10 feet at any point or the entire distance between terminal abutments exceeds 20 feet, quarrying and stone crushing.~~

UNDERWRITING GUIDE

~~Rock Excavation, Not Quarry, By Road Contractor~~

GENERAL AUDITING & CLASSIFICATION INFORMATION

CHANGES

CLEARING OF LAND

Below find the class assigned to payroll.....in Sections 1 or 2 of this Manual.

1. No change.
2. No change.
3. Assign Code 609 for all methods of clearing or removing brush and/or stump removal not incidental to tree removal ~~except for~~ including road construction. ~~Such work for a road job or project is subject to Code 602.~~

4. No change.

5. No change.

DELETION

Deletion from the Employment Contractor – Temporary Staffing cross reference chart:

682

| | | | | |
|----------------|-----|-----|-----|-----|
| 601 | 625 | 654 | 665 | 676 |
| 602 | 643 | 655 | 666 | 677 |
| 603 | 645 | 656 | 667 | 679 |
| 605 | 646 | 657 | 668 | 681 |
| 607 | 647 | 658 | 669 | |
| 608 | 648 | 659 | 670 | |
| 611 | 649 | 660 | 673 | |
| 615 | 652 | 663 | 674 | |
| 617 | 653 | 664 | 675 | |

DELAWARE WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY INSURANCE

**Proposed Effective December 1, 2018
SECTION 1**

RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM
INFORMATION PAGE remains unchanged.

PREFACE remains unchanged.

MEMBERSHIP remains unchanged.

SECTION 1 – Underwriting Rules-Rule I (General) through Rule VIII (Limits of Liability) remains unchanged.

RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

H. DELAWARE CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

2. “**Construction classifications**” are those classifications subject to the following code numbers:

| | | | | | | |
|-----|-----|-----|-----|-----|-----|-----|
| 601 | 611 | 646 | 653 | 659 | 667 | 677 |
| 603 | 615 | 647 | 654 | 661 | 668 | |
| 605 | 617 | 648 | 655 | 663 | 669 | |
| 607 | 625 | 649 | 656 | 664 | 674 | |
| 608 | 643 | 651 | 657 | 665 | 675 | |
| 609 | 645 | 652 | 658 | 666 | 676 | |

SECTION 2

CLASSIFICATIONS

CHANGES

601 ROAD or Street CONSTRUCTION: Paving or Repaving

Applies to the laying of the road....shall be assigned to Code 601.

OPERATIONS ALSO INCLUDED:

No changes to items 1, 2, 3 or 4.

OPERATIONS NOT INCLUDED:

1. No change.
2. Separately rate subsurface work which involves all work necessary to bring the road up to grade or rock excavation, filling or grading to Code 609.
3. No change.
4. Separately rate tunneling projects to Code 615.

5. Assign the applicable quarrying classification to quarrying and stone crushing by the quarry operator

609 EXCAVATION

Applicable to payroll developed in general excavation, grading, trench digging, filling or backfilling. Also applicable to road construction subsurface work which involves all work necessary to bring the road up to grade including earth or rock excavation, filling or grading. Such work is performed with power shovels, trench diggers, bulldozers or graders. The business may be a specialist excavation contractor principally engaged in one or more of the listed tasks. The business may be a general contractor employing a separate staff performing one or more of the listed tasks or the business has kept separate payroll records for personnel who interchange between one or more of the tasks listed above and other construction tasks assigned to another construction classification.

OPERATIONS ALSO INCLUDED:

1. All methods of clearing or removing brush and/or tree stumps that is not incident to tree removal.
2. Excavation and/or grading for parking lots.

OPERATIONS NOT INCLUDED:

1. Assign Code 602 to payroll developed in clearing or removing brush for road construction. Code 602 shall also be assigned to road or street construction subsurface work which involves all work that brings the road up to grade: earth or rock excavation, filling or grading.
2. Assign the applicable "all work to completion" construction classification when a business is performing work assignable to an "all work to completion" classification. Any excavation work performed by the business incident to an "all work to completion" job or project shall be included in the "all work to completion" construction classification applicable to the job or project.
3. Blasting services by specialist/independent contractors under contract with unrelated businesses including incidental drilling.
4. Cross-country oil or gas pipeline construction.
5. Landfill operation by independent contractor.

OPERATIONS NOT INCLUDED:

1. Assign the applicable "all work to completion" construction classification when a business is performing work assignable to an "all work to completion" classification. Any excavation work performed by the business incidental to an "all work to completion" job or project shall be included in the "all work to completion" construction classification applicable to the job or project.
2. Separately rate the laying of a road's sub-base, its paving or repaving, surfacing or resurfacing or scraping to Code 601. This also includes airport runways or warming aprons.
3. Separately rate tunneling projects to Code 615.
4. Separately rate bridge and culvert building where clearance is more than 10 feet at any point or the entire distance between terminal abutments exceeds 20 feet to Code 654.
5. Assign the applicable quarrying classification to quarrying and stone crushing by quarry operator.

UNDERWRITING GUIDE

Code 609:

Rock Excavation, Not Quarry

To Code 609 (From Code 602):

Airport Runway Or Warming Apron Construction – Subsurface Work
 Culvert Construction, Not Exceeding 10 Feet Span
 Excavation – Street Or Road – Including Rock Excavation
 Street Or Road Rock Excavation
 Sub-Surface Work – Road Or Street Construction

GENERAL AUDITING & CLASSIFICATION INFORMATION

CHANGES

CLEARING OF LAND

Below find the class assigned to payroll.....in Sections 1 or 2 of this Manual.

1. No change.
2. No change.
3. Assign Code 609 for all methods of clearing or removing brush and/or stump removal not incidental to tree removal including road construction.
4. No change.
5. No change.

DELETION

Deletion from the Employment Contractor – Temporary Staffing cross reference chart:

| | | | | |
|-----|-----|-----|-----|-----|
| | | 682 | | |
| 601 | 643 | 655 | 666 | 676 |
| 603 | 645 | 656 | 667 | 677 |
| 605 | 646 | 657 | 668 | 679 |
| 607 | 647 | 658 | 669 | 681 |
| 608 | 648 | 659 | 670 | |
| 611 | 649 | 660 | 673 | |
| 615 | 652 | 663 | 674 | |
| 617 | 653 | 664 | 675 | |
| 625 | 654 | 665 | 676 | |