



August 21, 2020

**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. 2006 – Proposed Effective December 1, 2020  
Basic Manual Updates to Remove Outdated Language**

Dear Commissioner Navarro and Deputy Commissioner Merced:

On behalf of the members of the Delaware Compensation Rating Bureau Inc. (DCRB), we hereby submit the proposed filing for revisions to the Delaware Workers' Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and Employers Liability Insurance (Basic Manual). These revisions are proposed to be effective as of 12:01 a.m., December 1, 2020 and coincide with changes resulting from DCRB's normal annual comprehensive loss cost revision, which will be separately filed with the Department of Insurance at a later date. The election of this effective date coordinates all changes to the Basic Manual with other changes occurring on that date. The proposed changes will not materially change any preexisting provisions of the Basic Manual.

Included with this proposed filing is the DCRB's June 10, 2020 staff memorandum detailing the proposed revisions to the Basic Manual language. The memorandum and proposals were presented to the DCRB Classification and Rating Committee during its annual meeting held on June 10, 2020. The proposed revisions will modernize the Basic Manual language to better reflect our current environment and create consistency with other DCRB manuals.

The proposed Basic Manual language revisions are summarized below:

- Entire Manual – Updates to change all reference to the Delaware Compensation Rating Bureau from the "Bureau" to the "DCRB."
- Section 1, Rule 1 – Updates to the Filing Requirement language for policies, endorsements, cancellations/reinstatements and binders to include the term "electronically submitted."
- Section 1, Rule IV, A.1 – Clarification of the Manual language describing the objective of the classification procedure.
- Section 1, Rule VI, A.2 – Revisions to Manual language pertaining to Disease or Radiation loading.

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Thank you in advance for your review and attention to this filing. The DCRB will be pleased to answer any questions you or the Department of Insurance's staff may have regarding these proposals.

Sincerely,

William V. Taylor  
President

Enclosure: Staff Memorandum and Basic Manual language revisions



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

FROM: Drew Kratz, Manager – Underwriting & Coverage Compliance

DATE: June 10, 2020

RE: Proposed Manual Language Revisions Regarding Electronic Reporting, the  
Delaware Insurance Plan & Standardizing Titles

The DCRB proposes a series of housekeeping changes intended to update the language found in the Delaware Basic Manual. The changes will address the different filing requirement provisions, expand the section regarding the Delaware Insurance Plan and create a standardize usage of the acronym “DCRB” throughout the manual

Since the DCRB ceased accepting hard copy policy documents as of January 1, 2017, the proposed updates will further qualify all references to the filing of policy transactions as “electronic”. Additionally, all references to the Delaware Compensation Rating Bureau as the “Bureau” will be updated to read as the “DCRB” in order to eliminate confusion with other state agencies.

The language revisions are provided below:

- Updates to the Filing Requirements for policies, endorsements, corrections and binders- Section 1, Rule 1.
- Clarification of Manual language describing the objective of the classification procedure- Section 11, Rule IV. A.1.
- Revisions to Manual language pertaining to Disease or Radiation Loading- Section 1, Rule VI. A.2. a-c.

The revisions will ultimately modernize the language of the Basic Manual to more clearly reflect our current operating environment and create a level of consistency with other provided manuals. The DCRB recommends all language revisions become effective December 1, 2020.

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

## PREFACE

- A. This Manual of risk classes, underwriting rules, ~~Bureau~~DCRB-rating values and rating plans has been filed with the Delaware Insurance Department as required by Delaware Law. It is effective 12:01 A.M., ~~April~~ December 1, 2020, with respect to all policies, the effective date of which is ~~April~~ December 1, 2020 or thereafter, subject to the following express conditions, for the insurance companies, corporations and associations listed herein and for no other insurance company, corporation or association.

The Delaware Compensation Rating Bureau shall hereinafter be referred to as the “DCRB”.

### B. Organization of Manual

This Manual has six sections:

- Section 1 – Underwriting Rules
- Section 2 – Rating Values and Classifications/General Auditing and Classification Information
- Section 3 – Endorsements
- Section 4 – Retrospective Rating Plans
- Section 5 – Experience Rating Plan
- Section 6 – Merit Rating Plan

### C. Definitions

The following words are referenced in House Bill 241 of 1993 or have been used in this Manual with meanings intended to be consistent with the requirements of that Act. For purposes of improving the understanding of the Manual, definitions of these words as used elsewhere in this Manual are set forth below.

1. **~~Bureau~~-Data Card** –~~DCRB~~~~Bureau~~-Data Cards are issued by the Delaware Compensation Rating Bureau, Inc. These data cards provide the risk name, location, ~~Bureau~~-file number, authorized classification(s) and if applicable the risk's experience modification for a minimum of one year.  
  
Risks approved for the Delaware Construction Classification Premium Adjustment Program and any other applicable credit programs will be shown on these data cards.
2. **~~Bureau~~-DCRB Loss Costs** – Dollar amounts per unit of exposure attributable to the payment of losses under workers compensation and employers liability coverages, filed by the ~~Bureau~~-DCRB based on the aggregate experience of all ~~Bureau~~-DCRB members and approved by the Insurance Commissioner.
3. **~~Bureau~~-DCRB Rating Values** – All parameters filed by the ~~Bureau~~-DCRB and approved by the Insurance Commissioner, and which are used either mandatorily or by option of carriers for purposes of pricing workers compensation and employers liability coverages. Such ~~Bureau~~-DCRB rating values include ~~Bureau~~-DCRB Loss Costs, experience rating plan values such as Expected Loss Cost Factors, Credibility, Maximum Value of One Accident, and Credibility Weighted Maximum Value Charge, retrospective rating plan values such as the Table of Expected Loss Ranges, Excess Loss Pure Premium Factors, Retrospective Pure Premium Development Factors, and expense parameters applicable to U.S.L. &H.W. coverages such as Premium Discounts, Expected Loss Ratio, Expense Ratios, Tax Multipliers and Loss Conversion Factors.
4. **Carrier Rate** – The amount per unit of exposure which an insurance carrier charges for workers compensation and employers liability insurance.
5. **Carrier Rating Values** – All parameters used by carriers for purposes of pricing workers compensation and employers liability insurance coverages. Such parameters may be either ~~Bureau~~-DCRB Rating ~~V~~Values adopted by a carrier for its own use or values independently determined by a carrier.

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6. **Loss Cost** – Dollar amounts per unit of exposure attributable to the payment of losses under workers compensation and employers liability coverages. Loss Costs may be developed either by the ~~Bureau~~ [DCRB](#) based on the aggregate experience of all ~~Bureau~~ [DCRB](#) members or may be established by individual carriers based on their own supporting information.
7. **Prospective Loss Costs** – Historical aggregate losses projected through development to their ultimate value and through trending to a future point in time including all loss adjustment or claim management expenses and loss-based expenses excluding other operating expenses, assessments, taxes and profit or contingency allowances in this Manual. The term "Loss Cost" is synonymous with Provision for Claim Payment.
8. **Rating Value** – A parameter or number used in pricing workers compensation or employers liability insurance coverages. Rating Values may be established by the ~~Bureau~~ [DCRB](#) or by individual carriers. Where individual carriers have established Rating Values different from those of the ~~Bureau~~ [DCRB](#), the carrier's values supersede those of the Bureau for purposes of that insurer's policies.
9. **Rating Effective Date (RED)** is the earliest date that a specific experience rating or merit rating adjustment is applied to a policy.

Item D. remains unchanged.

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**TABLE OF CONTENTS  
SECTION 1 – UNDERWRITING RULES**

**RULE I - GENERAL** through remains unchanged. **RULE V – PREMIUM BASIS** remains unchanged

**RULE VI – RATING VALUES AND PREMIUM DETERMINATION**

- A. ~~Bureau~~DCRB Rating Values
  - 1. ~~Bureau~~DCRB Loss Cost
  - 2. Disease Loading
  - Items 3. and 4. remain unchanged.
- Items B. through H. remain unchanged.

**RULE VII – PREMIUM DISCOUNT through RULE XIII – THE ADMIRALTY LAW AND THE FEDERAL EMPLOYERS LIABILITY ACT** remains unchanged.

**RULE XIV – AGRICULTURAL. DOMESTIC WORKERS - RESIDENCES**

Items A. through D. remain unchanged.

- E. ~~Bureau~~DCRB Rating Values and Premium
  - 1. ~~Bureau~~DCRB Rating Values
  - 2. Records Required
  - 3. Full Time Domestic Workers
  - 4. Occasional Domestic Workers
- F. Schedule Rating

**RULE XV – FINAL EARNED PREMIUM DETERMINATION through RULE XVII – MEMBER CARRIER DISPUTES (DISPUTE RESOLUTION CONFERENCE)** remains unchanged.

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**RULE I - GENERAL**

Items A. through E. remain unchanged.

**F. EFFECTIVE DATE**

**1. Manual**

This Manual applies only from the policy effective date which occurs on or after the effective date of this Manual.

**2. Changes**

The effective date of a change in any rule, classification or ~~Bureau-DCRB~~ rating value is 12:01 a.m. on the date approved for use. Any change will be highlighted and linked to the appropriate ~~Bureau-DCRB~~ circular announcing the change. Unless specified otherwise, each change applies only from the policy effective date which occurs on or after the effective date of the change.

Item G. remains unchanged.

**H. FILING REQUIREMENTS**

**1. Policy**

An exact copy of every Workers Compensation Policy showing the state of Delaware on the Information Page shall be ~~filed electronically submitted to with~~ the Delaware Compensation Rating Bureau within thirty days after the effective date of the policy.

Item 2. remains unchanged.

**3. Endorsements**

An exact copy of all endorsements or agreements attached to the policy at its inception date or issued subsequent to the inception date of the policy must be ~~filed electronically submitted to with~~ the ~~Bureau-DCRB~~ within thirty days after the date of issue of such endorsement or agreement.

**4. Standard Endorsement Filing Procedure**

a. Any endorsement filed with the Insurance Department on behalf of ~~Bureau-DCRB~~ members by the ~~Bureau-DCRB~~ must be ~~filed electronically submitted~~ for approval ~~with by~~ the ~~Bureau-DCRB~~. For filing procedure details refer to Section 3.

b. Non Standard Endorsements filing procedure, refer to Section 3.

**5. Binders**

a. A copy of the binder must be ~~filed electronically submitted to with~~ the ~~Bureau-DCRB~~ on an approved form with all required endorsements attached no later than thirty days after its date of inception.

b. The binder must contain the classification codes and Carrier Rating Values applicable to the employer in accordance with the assignment issued by the ~~Bureau-DCRB~~ or in accordance with the Classification Rules of this Manual if no specific ~~Bureau-DCRB~~ assignment has been made.

c. A binder must be replaced with a short-term policy covering the amount of time the binder was in effect or replaced with a full-term policy including the time period the binder was in effect.

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## I. POLICY CORRECTION

If the ~~Bureau~~DCRB finds that a policy requires correction to conform to Manual rules or classifications, the carrier shall be notified by ~~letter~~electronic error message. Such policy shall be corrected and a copy of the correcting endorsement shall be electronically submitted to the ~~Bureau~~DCRB no later than thirty (30) days after notification.

## J. MEDICAL CONTRACTS

Items 1. and 2. remain unchanged.

3. Medical agreements with physicians and nurses must be in the form of a written contract and must be filed with the ~~Bureau~~DCRB within thirty days of the effective date of the agreement.

## RULE II – EXPLANATION OF COVERAGES AND METHODS OF INSURING

Items A. through G. remain unchanged.

## RULE III – POLICY PREPARATION – INSURED, POLICY PERIOD AND STATE OF OPERATIONS

Items A. through Item C. remain unchanged.

Items C.1 through Item C.5 remain unchanged.

### 6. Annual Rating Endorsements

An "Annual Rating Endorsement" shall be submitted annually for each continuing form policy or policy written for a period in excess of one year but not more than three years to be effective on the annual policy effective date set by such policy. It shall be submitted to the ~~Bureau~~DCRB not later than thirty days subsequent to its inception.

Annual rating endorsements shall also:

Items a. through f. remain unchanged.

Item D. remains unchanged.

## RULE IV – CLASSIFICATIONS

### A. GENERAL EXPLANATION

#### 1. Objective

The ~~object~~objective of the classification system is to group ~~insureds-employers~~ into classifications so that the rating value for each classification reflects the exposures common to ~~such distinct business enterprise those employers~~-(See Rule IV, C. 2. & C. 3.). Subject to certain exceptions described later in this rule, it is the business of the insured within Delaware that is classified, not the separate employments, occupations or operations within the business.

Item B. remains unchanged.

### C. ASSIGNMENT OF CLASSIFICATIONS

#### 1. Objective of the Classification Procedure



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- a. The objective of the classification procedure is to assign the one basic classification which best describes each distinct business enterprise of the insured within Delaware. Subject to certain exceptions described in this Rule, each classification includes all the various types of labor found in a distinct enterprise. It is the business which is classified, not the individual employments, occupations or operations within a business. Additional classifications shall be assigned as provided below.
- b. House Bill 430 of 2004 (amending Section 2607, Title 18 of the Delaware Code) permits an insurer to develop a subclassification(s) to the ~~Bureau's~~ DCRB's classification system as approved by the Insurance Commissioner. The developing insurer shall file any such subclassification(s) with the ~~Bureau~~ DCRB and the Insurance Commissioner at least thirty (30) days prior to the proposed effective date for such subclassification(s). The insurer's filing shall demonstrate that payroll and loss data produced under any proposed subclassification(s) can be reported to the ~~Bureau~~ DCRB consistent with the ~~Bureau's~~ DCRB's uniform classification plan and statistical plan. The Insurance Commissioner must disapprove any subclassification filing for which such demonstration is not made.

## 2. Assignment of a Classification

Items a. and b. remain unchanged.

- c. **Authorized Classifications.** When the classification of any insured has been established by the Rating Bureau, no policy shall be issued or endorsed nor adjustment of premium made under any other or conflicting classification.

In any instance where the established classification does not describe the current operations of the insured, the insuring carrier or insured shall draw the matter to the attention of the ~~Rating Bureau~~ DCRB in writing with full particulars prior to the application of any other classification. The reclassification shall not take place until the ~~Bureau~~ DCRB Staff has received and reviewed such documentation and has replied in writing to the insured or insuring carrier agreeing with their position or otherwise advising on which class(es) to assign.

The insuring carrier is not relieved of the obligation to apply the class authorized for an insured because of lack of knowledge that the ~~Bureau~~ DCRB has established an authorized classification for that insured.

## 3. Assignment of Additional Classifications

- a. **Multiple Classifications/Multiple Enterprises** (Not construction or erection operations – see paragraph 6.)

Additional classifications may be used only when valid evidence supports their authorization or in conformity with the rules stated under "Standard Exceptions" and "Exclusions." Additional classes may not be added without ~~Bureau~~ DCRB authorization when their use is in violation of Manual Rules or an existing ~~bureau~~ DCRB data card.

Additional classifications shall be assigned to an insured only if the following conditions exist:

Items 1. through 3. remain unchanged.

Item b. remains unchanged.

Items 4 through 8 remain unchanged.

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## 9. Classification Appeals

The ~~Bureau's~~ DCRB's assignment of an individual risk to a particular classification may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

Item 10. remains unchanged.

Items D. and E. remain unchanged.

**RULE V – PREMIUM BASIS** remains unchanged.

## **RULE VI – RATING VALUES AND PREMIUM DETERMINATION**

### **A. ~~BUREAU~~ DCRB RATING VALUES**

#### **1. ~~Bureau~~ DCRB Loss Cost**

~~Bureau~~ DCRB Loss Costs – Dollar amounts per unit of exposure attributable to the payment of losses under workers compensation and employers liability coverages, filed by the ~~Bureau~~ DCRB based on the aggregate experience of all ~~Bureau~~ DCRB members and approved by the Insurance Commissioner.

#### **2. Disease Or Radiation Loading**

- a. ~~The Bureau Rating Value for a classification code number followed by a letter (a) or (b) etc. may include a disease loading. Such a loading may be removed upon approval of the Delaware Compensation Rating Bureau, Inc. A supplemental disease loading (e.g. Code 0176) may apply to certain basic classifications (e.g. Code 513). The supplemental disease loading is an additional charge. It is not included within the rating value of the basic classification to which it is assigned. Once authorized, a supplemental disease loading may only be removed upon approval of the Delaware Compensation Rating Bureau, Inc.~~
- b. The Delaware Workers Compensation Law includes "all occupational diseases arising out of and in the course of employment." The classification ~~rates and loss cost values applicable to basic classifications without a shown in the Manual include occupational disease loadings which~~ corresponding supplemental disease loading include ~~to~~ the usual exposure to diseases ~~by~~ with those classifications.
- c. A supplemental occupational disease loading may be applied to the carrier rate for any individual risk where the occupational disease hazard is abnormal. When a carrier plans to use the supplemental loading, they shall supply the ~~Bureau~~ DCRB with an inspection report either by an insurance carrier, Industrial Accident Board or some outside source which supports the abnormal disease exposure. Based on this report, the Rating ~~Bureau~~ DCRB will authorize the supplemental loading and publish it on the ~~bureau~~ DCRB data card for a minimum of one year. The supplemental loading can be removed only by an inspection report from an insurance company, or some other outside agency evidencing the abnormal exposure no longer exists. The supplemental disease loading is non- ratable in the experience and retrospective plans.

Items B. through D. remain unchanged.

### **E. PREMIUM MODIFICATION EXPERIENCE RATING PLAN**

Item 1. remains unchanged.

#### **2. Copies of Experience Rate Calculation**

Item a. remains unchanged.

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- b. The ~~Bureau~~-DCRB shall furnish to any insured employer upon his written request, or to the Home Office or Branch Office of any member of the ~~Bureau~~-DCRB upon the written request of the employer, a copy of the experience rating calculation of that employer at an appropriate charge.
- c. The insurance carrier of record shall be notified of the ~~Bureau~~-DCRB experience modification established by the Experience Rating Procedure not more than 90 days prior to the effective date of the rating.

Item F. remains unchanged.

**G. SCHEDULE RATING**

- 1. An insurer may adopt a schedule rating plan, subject to such a plan being "Filed" (approved) by the Delaware Insurance Department. The plans permit the carrier to apply a schedule credit (use Code **9887**) or debit (use Code **9889**) to the standard premium determined in accordance with the ~~Bureau~~-DCRB ~~r~~Rating ~~v~~Values and rating plans filed by the Delaware Compensation Rating Bureau, Inc.

Item 2. and 3. remain unchanged.

**RULE VII – PREMIUM DISCOUNT**

Item A. remains unchanged.

**B. COMBINATION OF POLICIES**

Item 1. remains unchanged.

**2. Combination Procedure**

Remains unchanged.

- a. The ~~Bureau~~-DCRB shall determine the effective date for the application of premium discount.

Items b. and c. remain unchanged.

**C. LARGE CONSTRUCTION PROJECTS (Wrap-Up)**

Remains unchanged.

Items 1. through 6. remain unchanged.

**7. ~~Bureau~~-DCRB Notification**

The ~~Bureau~~-DCRB must be notified of the method by which the wrap-up policies will be identified

Items 8. through 9. remain unchanged.

**RULE VIII – LIMITS OF LIABILITY**

**B. VOLUNTARY COMPENSATION INSURANCE**

Items 1. and 2. remain unchanged.

**3. Premium Determination**

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Premium shall be determined on the basis of the workers compensation rules, classifications and [the Bureau-DCRB](#) rating values in this Manual for the state workers compensation law designated in the schedule in the Voluntary Compensation and Employers Liability Coverage Endorsement.

Item 4. remain unchanged.

**RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM**

Item A. through E. remain unchanged.

**F. DELAWARE WORKPLACE SAFETY PROGRAM**

1. Item 1. remains unchanged.

**2. Eligibility**

Items a. and b. remain unchanged.

c. The [Bureau-DCRB](#) will test each employer by taking the required unit statistical card payroll times current Residual Market Rates times most current experience modification to determine the employer's qualifying premium.

Items 3. through 6. remain unchanged.

**7. Qualified Employer**

The [Bureau-DCRB](#) will be informed when an employer passes the inspection. The [Bureau-DCRB](#) will then record on the experience rating calculation sheet the credit percentage to apply to the renewal policy. Code 9880 is to be used in policy issuance and statistical reporting to record the Safety Program premium credit, which is to be applied after experience modification and after deviation or schedule rating adjustments but before calculating premium discount and before adding of expense constant.

**For Example:**

975	Restaurant	\$350,000	\$4.39	\$15,365	
953	Clerical	80,000	.54	432	
	Sub-Total			15,797	
9898	Experience Modification		.95	790	Credit
	Sub-Total			15,007	
9887	Schedule Credit 5%			750	Credit
	Sub-Total			14,257	
<b>9880</b>	<b>Safety Program Credit 19%</b>			<b>2,709</b>	<b>Credit</b>
	Sub-Total			11,548	
0063	Premium Discount if applicable				
0900	Expense Constant if applicable				
9999	Estimated Annual Premium			11,548	

**8. Safety Credit Percentages**

Safety credits will be granted 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

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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.

**9. Bureau DCRB Rating Values**

A Delaware Workplace Safety Program Correction Factor shall be included in loss costs and residual market rates. This factor shall be designed to make the Workplace Safety Program revenue neutral in the aggregate.

**10. Appeals**

The Bureau's DCRB's determination of the percentage credit for an individual risk eligible for the Delaware Workplace Safety Program may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

REGULAR – A pattern of 40 hours per week or any other pattern that appears on a continuing basis.

**H. DELAWARE CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

The total construction classification credit amount, in dollars, must be calculated and then divided by the total policy premium at Bureau DCRB Rating Values - including construction and non-construction classifications. The result would be the percentage credit which is to be applied to the policy. When calculating the total policy credit the percentage shall be rounded to the nearest whole number with .5 being rounded upward (as an example, 4.4 rounded to 4% and 4.5 rounded to 5%).

The insured shall submit the required payroll and hours worked information to the Delaware Compensation Rating Bureau, Inc. for calculation of any applicable credit. The carrier shall, upon audit, verify the information that was submitted by the insured and used in the calculation of the credit. If the carrier discovers an error in the original request for policy credit, the revised information must be submitted to the Delaware Compensation Rating Bureau, Inc. for recalculation. If the insured does not furnish records to verify the payrolls and hours worked originally submitted and used in the calculation of the credit, there shall be no credit applied to the policy.

The credit authorized by the Delaware Compensation Rating Bureau, Inc. shall appear on Item 4 of the policy. If the credit applicable to the policy is not available at the time of policy issuance, the carrier shall endorse the policy to provide the appropriate credit information once a qualifying application has been processed and the Bureau DCRB has notified the carrier of the credit determined on the basis of such application.

Report Delaware Construction Class Premium Credit on the information page and unit statistical report under **Code 9046**.

Carriers are required to use the approved form to notify all their insureds, who have one or more construction classifications on their policy, that they may be eligible for a premium adjustment credit.

**2. "Construction on classifications" are those classifications subject to the following code numbers:**

601	611	646	653	659	665	673	681
603	615	647	654	660	666	674	682
605	617	648	655	661	667	675	691
607	625	649	656	662	668	676	693
608	643	651	657	663	669	677	695
609	645	652	658	664	670	679	

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3. The ~~Bureau~~-[DCRB](#) will inform the carrier and employer of the credit percentage. The ~~Bureau~~-[DCRB](#) will then record on the experience rating sheet (when applicable) the credit percentage to apply to the policy. Code 9046 is to be used in policy issuance and statistical reporting to record the construction premium credit, which is to be applied after the experience modification and after the deviation or schedule rating adjustments, but before calculating the premium discount and before adding the expense constant.
  
4. **Appeals**  
The ~~Bureau's~~-[DCRB's](#) determination of an individual risk's eligibility for and/or the percentage of credit under the Delaware Construction Classification Premium Adjustment Program may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

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~~BUREAU~~ DCRB  
FILE NO \_\_\_\_\_

**DELAWARE WORKERS COMPENSATION – 200\_\_  
PREMIUM CREDIT APPLICATION**

NAME ON INSURANCE POLICY \_\_\_\_\_

INSURANCE COMPANY (Not Agent) \_\_\_\_\_

POLICY NO \_\_\_\_\_ EFF. DATE \_\_\_\_\_

**Notice:** Unless Code(s), total wages paid as reported to taxing authorities, total hours worked, and calendar quarter reported are indicated and application is signed, it cannot be processed. Must include non-construction class code payrolls. Corporate Officers should be included in the appropriate classification. Do not include corporate officers who have elected to be excluded from the Workers Compensation Act. Contact your agent and/or insurance company if assistance is desired.

<u>CLASSIFICATION DESCRIPTION</u>	<u>DELAWARE WC CLASS CODE</u>	<u>TOTAL DELAW ARE WAGES PAID THIS QUATER</u>	<u>TOTAL HOURS WORKED THIS QUARTER (Including O.T.)</u>
<b>Example: Carpentry</b>	<b>651</b>	<b>\$8,000</b>	<b>520</b>
<b>Example: Office</b>	<b>953</b>	<b>\$2,000</b>	<b>400</b>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The foregoing is based on actual wages and hours worked, as reflected in our payroll records, for the complete calendar quarter ending \_\_\_\_\_.

Signature \_\_\_\_\_ Title \_\_\_\_\_

Telephone Number \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**SEND APPLICATION TO DELAWARE COMPENSATION RATING BUREAU, INC., ATTENTION: EXPERIENCE RATING  
DEPARTMENT, ~~United Plaza Building~~ – Suite 1500, 30 South 17th Street PHILADELPHIA, PA 19103-4007.**

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**RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE** remain unchanged.

**RULE X - CANCELLATION**

**A. WHO MAY CANCEL**

Remains unchanged.

**IMPORTANT NOTICE: CANCELLATION NOTICES MUST BE FILED WITH THE ~~BUREAU~~-DCRB WITHIN 10 DAYS OF ISSUANCE; PROVIDED, HOWEVER, THAT FAILURE TO FILE SUCH NOTICE WITHIN THE REQUIRED TIME SHALL NOT INVALIDATE ANY CANCELLATION WHICH HAS BEEN MADE IN ACCORDANCE WITH THE PROVISIONS OF THE POLICY.**

Items B. through F. remain unchanged.

**RULE XI – THREE YEAR FIXED RATE POLICY OPTION** remains unchanged.

**RULE XII – U.S LONGSHORE AND HARBOR WORKERS' COMPENSATION ACT**

Items A. through D. remain unchanged.

**E. ~~BUREAU~~-DCRB RATING VALUES AND PREMIUM**

**1. ~~Bureau~~-DCRB Rating Values**

The ~~Bureau~~-DCRB Rating Values for Codes 0908, 0909, 0912 and 0913 are per capita premium charges. Terrorism (**9740**) and Catastrophe (other than Certified Acts of Terrorism) (**9741**) do not apply to per capita classification premium charges.

Items 2. through 4. remain unchanged.

**F. ~~BUREAU~~-DCRB RATING VALUES AND PREMIUM**

Remains unchanged.

**RULE XV – FINAL EARNED PREMIUM DETERMINATION** remains unchanged.

**RULE XVI – APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE** remains unchanged.

**RULE XVII – MEMBER CARRER DISPUTES (DISPUTE RESOLUTION CONFERENCE)** remains unchanged.



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**TABLE OF CONTENTS**

**SECTION 2 - CLASSIFICATIONS AND ~~BUREAU~~DCRB RATING VALUES**

**DCRB~~BUREAU~~ RATING VALUES**

**U.S. LONGSHORE AND HARBOR WORKERS' ACT COVERAGE** remains unchanged.

**CLASSIFICATIONS—NUMERIC AND GROUP ARRANGEMENT** remains unchanged.

**WORKERS COMPENSATIONS – DOMESTIC WORKERS** remain unchanged.

**EXPLOSIVES AND AMMUNITION MANUFACTURING** remains unchanged.

**MARITIME OR FEDERAL EMPLOYMENTS** remain unchanged.

**AIRCRAFT OPERATIONS** remain unchanged.

**SUBCLASSIFICATION – CARRIER OPTION**

House Bill 430 of 2004 (amending §2607, Title 18 of the Delaware Code) permits an insurer to develop a sub classification or sub classifications to the ~~Bureau's~~DCRB's classification system as approved by the Insurance Commissioner. The developing insurer shall file any such sub classification or sub classifications with the ~~Bureau~~DCRB and the Insurance Commissioner at least thirty (30) days prior to the proposed effective date for such sub classification or sub classifications. The insurer's filing shall demonstrate that exposure and loss data produced under any proposed sub classification or sub classifications can be reported to the ~~Bureau~~DCRB consistent with the ~~Bureau's~~DCRB's uniform classification system and Statistical Plan. The Insurance Commissioner must disapprove any sub classification filing for which such demonstration is not satisfactorily made.

**DEFINITIONS** remain unchanged.

**(CLASSIFICATIONS- CLASS CODE 005 –TREE PRUNING, SPRAYING, RPAIRING OR FUMIGATING through CLASS CODE 511– CONCRETE PRODUCTS MANUFACTURING** remains unchanged.)

**512 BRICK MFG., N.O.C.**

Excluding quarrying or mining, also excluding clay or shale digging in open pits.

A supplementary dust disease loading shall be added by the ~~Bureau~~DCRB to cover the potential hazard of those employers using material containing free silica.

Code 0175 at either the carrier or assigned risk rate is to apply to such exposure, but note that payroll developed by the exposure is also to be included in the Class 512 payroll at either the carrier or assigned risk rate. Premium developed under Code 0175 is not subject to experience or retrospective rating.

***UNDERWRITING GUIDE remains unchanged.***

**513 POTTERY, N.O.C. – NO BRICK, NON-DECORATIVE TILE, SEWER PIPE OR GAS RETORTS MFG.**

A supplementary dust disease loading shall be added by the ~~Bureau~~DCRB -to cover the potential hazard of those employers using material containing free silica.

Code 0176 at the carrier or assigned risk rate is to apply to such exposure, but note that payroll developed by the exposure is also to be included in the Code 513 payroll at the carrier or assigned risk rate. Premium developed under Code 0176 is not subject to experience or retrospective rating.

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*UNDERWRITING GUIDE remains unchanged.*

**(CLASS CODE 535–GLASS OR GLASSWARE MFG. through COMPUTER AND/OR SOFTWARE CONSULTING  
BUSINESSES remains unchanged.)**

**DRIVERS (Payroll Allocation)**

It is the ~~Bureau's~~ [DCRB's](#) position that the payroll of drivers, chauffeurs or their helpers which cannot be allocated to a specific classification because they have duties common to more than one classification shall be assigned to the governing classification of the two or more classifications to which their work belongs.

The above ruling does not supersede any Manual rules found in Section 2 of the Delaware Manual, nor does it supersede any Manual wording footnotes found in Section 2 regarding the allocation of payroll for the 800-series of classifications (Trucking and Storage Industry).

*Example:*

Insured X has approved classifications Code 0034 and Code 865. If insured X had separate crews of drivers that did not interchange their duties between the two operations, the separate crews would have their payroll allocated to the separate respective classifications.

If no such separate crew existed and the drivers, etc. have duties common to both operations, their payroll would be assigned to the governing classification exclusive of miscellaneous employee payroll.

**EMPLOYMENT CONTRACTOR – TEMPORARY STAFFING through CLASSIFICATION UNDERWRITING GUIDE  
remains unchanged.**

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**SECTION 3 – ENDORSEMENTS remain unchanged.**

**SECTION 4 -  
RULES AND PROCEDURE GOVERNING THE APPLICATION OF THE RETROSPECTIVE  
RATING PLANS - DELAWARE**

**PART ONE  
DESCRIPTION OF THE PLAN**

Item I. remains unchanged.

II. Items A. through C. remain unchanged.

**D. RATES**

1. Remains unchanged.

- a. the manual rate that has been established by the ~~Bureau~~ DCRB if no deviation or schedule rating exists.
- b. the manual rate that has been established by the ~~Bureau~~ DCRB modified by an approved schedule rating adjustment.
- c. Carrier Manual Rate if an insurance company has had a deviation from ~~Bureau~~ DCRB Manual Rate stamped "Filed" by the Insurance Commissioner.

2. ~~Bureau~~ DCRB Manual Rate means the rate shown after the classification code number on the rate pages in Section 2 of the Basic Manual for Workers Compensation and Employers Liability Insurance.

Items E. through J. remain unchanged.

Item III. remains unchanged.

**PART TWO remains unchanged.**

**PART THREE  
ADMINISTRATION OF THE PLAN**

**I. ELECTION OF INSURED TO BE SUBJECT TO RETROSPECTIVE RATING**

Remains unchanged.

**B. HOW CARRIER ACCEPTS ELECTION OF THE INSURED**

1. Remains unchanged.

2. After the carrier accepts the insured's (election to be subject to this Plan, notification of coverage shall be sent to the ~~Bureau~~ DCRB not later than 60 days after the effective date of the Plan indicated on that form.

**NOTE:** The ~~Bureau~~ DCRB must be notified by the carrier if they and the insured agree to shorten or lengthen the period of the Plan's application, up to a maximum of 60 days.

Items C. and D. remain unchanged.

**II. REPORTS OF PREMIUMS AND LOSSES UNDER THE PLAN**

Items 1. and 2. remain unchanged.

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**3. VERIFICATION OF DATA**

All data reported to, and accepted by the [Bureau DCRB](#) under the Unit Statistical Plan Manual shall be accepted as verified data for computation of the Retrospective Premium.

**III. FILING REQUIREMENTS**

**1. NOTIFICATION OF COVERAGE**

Send one copy of Notification of Coverage to this [Bureau DCRB](#) for all plans, both intrastate and interstate, which apply in this jurisdiction.

**2. FACTORS FOR RETROSPECTIVE RATING OPTION V**

- a. Two copies of an "Application for Approval of Proposed Retrospective Rating Values" shall be filed for approval with the [Bureau DCRB](#).
- b. Remains unchanged.

Remains unchanged.

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**TABLE OF INSURANCE CHARGES/TABLE M**

**GENERAL EXPLANATION** remains the unchanged.

Items A. through O. remain unchanged.

**AN EXAMPLE OF BASIC PREMIUM FACTOR DETERMINATION**

Items 1. through 4. remain unchanged.

**5. EXPENSE AND PROFIT OR CONTINGENCY – EXCLUDING TAXES:**

The expense and profit or contingency (excluding taxes) is determined, for One Year Plans by multiplying the standard premium by the expense ratio found in either the Stock or Non-Stock "Tables of Compensation Expense Ratios – Excluding Taxes, including profit or contingencies." Refer to Part Four – Premium Computation Tables. For Three Year Plans, values are determined similarly for each of the years based on each annual estimated Standard Premium, and the sum of these values is the provision for expense and profit or contingency. The value for expenses shown in this example is equal to  $\$102,500 \times \$500,000 \times .205$ . Note that the Tables of Expense Ratios, and other factors used in the calculations, are subject to revision in accordance with modifications adopted by ~~this~~ [the Bureau DCRB](#). Therefore, care should be taken to use current ratios and factors when preparing a plan calculation.

Items 6. through 18. remain unchanged.

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**TABLE OF CONTENTS** remains unchanged.

**SECTION 5 - EXPERIENCE RATING PLAN** remains unchanged.

**GENERAL RULES SECTION I**

**INSTRUCTIONS**

Items 1. through 3. remain unchanged.

3. This Plan and all amendments thereto, unless otherwise specifically provided, shall be applied as of the first rating effective date of the risk, as established by the [Bureau-DCRB](#), which is on or after the effective date of any change in the rules or rating values of this Plan, but shall not otherwise be available to outstanding ratings.
4. Remains unchanged.
5. **Appeals.** Any determination or decision of the [Bureau-DCRB](#) for an individual risk under the Delaware Experience Rating Plan may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

**SECTION II – DEFINITIONS**

Items 1. through 3. remain unchanged.

4. Remains unchanged.

If the classification assigned to a risk is revised or modified, for the purpose of this Plan the [Bureau-DCRB](#) shall similarly reassign the classification of the experience period except that, if the revision is due to a change in operations, no part of the experience period prior to such operations change shall be affected.

Item 5. remains unchanged.

**SECTION III – GENERAL PROVISIONS**

Items 1. through 4.)

5. **Experience to be Used.** The entire experience of the risk (except as otherwise provided in Rule 1 of Section V of this Plan) incurred within the experience period on all its operations, whether such operations are normal to the business or otherwise, shall be reported and used in determining the experience modification. The [Bureau-DCRB](#) may, at its discretion, verify any or all the data from which the experience modification is to be determined.
6. **Self-Insurers' Data.** The experience of self-insurers may be accepted by the [Bureau-DCRB](#) provided the experience on self-insured operations is submitted on the approved form, giving the required information with respect to payrolls and losses. Such statement shall be secured, verified and submitted by an interested carrier.

Self-insured experience shall not be used in rating a risk unless the operations that produced such experience are to be insured under a Standard Workmen's Compensation and Employers' Liability Policy.

Items 7. remains unchanged.

8. Items a. through e. remain unchanged.
  - (f) Affiliates combined for rating voluntarily (i.e., not a mandatory combination), which wish to change their rating option and have each affiliate separately rated based on its individual experience, may petition the [Bureau-DCRB](#) to do so. Upon [Bureau-DCRB](#) approval, separate policies must be issued for each

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affiliate. Unless the ~~Bureau~~-DCRB is provided with the segregated experience needed to produce separate ratings for each affiliate in an acceptable format, each affiliate will continue to be rated using combined experience for any policy period(s) for which segregated experience is not available and its own separately reported experience for policy period(s) subsequent to the separation.

9. Items a. through c. remain unchanged.

- (d) Continuation of Experience. Unless excluded under paragraph (e), the experience for any entity undergoing a change in ownership shall be transferred to the experience of the acquiring, surviving or new entity. The date of revision will be the later of the following two dates: 1) the effective date of the policy in effect at the time the ~~Bureau~~-DCRB receives a completed ERM-14 form outlining the ownership change or 2) the date on which the change in ownership occurred.

Items e. and f. remain unchanged.

(g) Remains unchanged.

(a) Remains unchanged.

(b) the ~~Bureau~~-DCRB is furnished with the experience required for the calculation of such modifications submitted in an acceptable format.

Item ii. remains unchanged.

Item i. remains unchanged.

(ii) the ~~Bureau~~-DCRB is furnished with the experience required for the calculation of such modifications submitted in an acceptable format.

(h) **Evasion of Experience Rating Modification.**

(i) Remains unchanged.

(ii) **~~Bureau~~-DCRB Response.** In such circumstances the ~~Bureau~~-DCRB may obtain information that indicates evasion or improper calculation, application or omission of experience rating modifications due to actions included, but not limited to, those listed above. The ~~Bureau~~-DCRB will act to ensure the proper calculation and application of experience rating modifications impacted by these actions.

This may include, but is not limited to the:

Items a. through f. remain unchanged.

Item 10. remains unchanged.

**SECTION IV** remains unchanged.

**APPLICATION OF EXPERIENCE MODIFICATION** remains unchanged.

Items 1. through 3. remain unchanged.

4. **Multiple Policy Risk.** If a risk is covered by several policies (as provided in Rule 8 of Section III of this Plan) which differ as to inception dates, the following procedure shall apply:

A single experience modification shall be computed to be effective for a period of twelve months beginning on the (RED) to be established by the ~~Bureau~~DCRB. The ~~Bureau~~-DCRB may, however, authorize the application of an existing experience modification for a period not to exceed fifteen months or a new experience modification for a period greater than three months and less than twelve months for the purpose of establishing a new (RED). Any policy effective prior to the new (RED) established by the ~~Bureau~~-DCRB

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shall be cancelled as of such date and rewritten for a period of twelve months. Any policy effective subsequent to the new (RED) established by the ~~Bureau~~ [DCRB](#) shall be written to expire concurrently with the next ensuing (RED) or shall be cancelled as of that date.

Any policies subject to this rule which are extended beyond the new period of twelve months shall be subject to the provisions of Rules 3(b) and 3(c) of this Section.

**SECTION V** remains unchanged.

**TABULATION OF EXPERIENCE** remains unchanged.

Item 1. remains unchanged.

**2. Rating Forms.** To determine the experience modification the prescribed experience shall be tabulated by the ~~Bureau~~ [DCRB](#) on approved rating forms.

Items 3. through 8. remains unchanged.

**SECTION VI** remains unchanged.



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

**SECTION 6 - MERIT RATING PLAN** remain the same.

**GENERAL RULES SECTION I** remains unchanged.

**INSTRUCTIONS** remain the same.

Items 1. and 2. remains unchanged.

3. This Plan and all amendments thereto, unless otherwise specifically provided, shall be applied as of the first (RED) of the risk, as established by the **Bureau-DCRB**, which is on or after the effective date of any change in the rules or rating values of this Plan but shall not otherwise be available to outstanding ratings.
4. It shall not be permissible by cancellation or rewriting or by the extension of the policy term to alter an existing policy for the purpose of enabling the risk to qualify for or avoid application of this Plan.
5. **Appeals.** Any determination or decision of the **Bureau-DCRB** for an individual risk under the Delaware Merit Rating Plan may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

## **SECTION II – DEFINITIONS**

Item 1. through 3. remain unchanged.

4. **Experience.** For the purpose of this Plan experience shall mean the record established by a risk under Workers Compensation and Employers' Liability Insurance, as disclosed by the losses incurred by the insurance carrier or carriers and the payrolls or other exposures segregated according to classification of operations. If the classification assigned to a risk is revised or modified, for the purpose of this Plan the **Bureau-DCRB** shall similarly reassign the classification of the experience period except that, if the revision is due to a change in operations, no part of the experience period prior to such operations change shall be affected.

Items 5. through 10. remain unchanged.

## **SECTION III – GENERAL PROVISIONS**

Items 1. through 3. remain unchanged.

4. **Experience to be Used.** The entire experience of the risk (except as otherwise provided in Rule I of Section V of this Plan) incurred within the experience period on all its operations, whether such operations are normal to the business or otherwise, shall be reported and used in determining the Merit Rating Plan adjustment. The **Bureau-DCRB** may, at its discretion, verify any or all the data from which the Merit Rating Plan adjustment is to be determined.
5. **Self-Insurers' Data.** The experience of self-insurers may be accepted by the **Bureau-DCRB** provided the experience on self-insured operations is submitted on the approved form, giving the required information with respect to payrolls and losses. Such statement shall be secured, verified and submitted by an interested carrier.

Self-insured experience shall not be used in applying the Merit Rating Plan to a risk unless the operations that produced such experience are to be insured under a Standard Workers Compensation and Employers' Liability Policy.

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**COMBINATIONS OR CHANGES OF STATUS** remain the same.

Item 7. remains unchanged.

Items a. through e. remain unchanged.

- (f) Affiliates, combined for purposes of merit rating voluntarily (i.e., not a mandatory combination), which wish to change their merit rating option and have each affiliate separately merit-rated based on its individual experience, may petition the **Bureau-DCRB** to do so. Upon **Bureau-DCRB** approval, separate policies must be issued for each affiliate. Unless the **Bureau-DCRB** is provided with the segregated experience needed to produce separate Merit Rating Plan adjustments for each affiliate in an acceptable format, each affiliate will continue to be subject to the Merit Rating Plan using combined experience for any policy period(s) for which segregated experience is not available and its own separately reported experience for policy period(s) subsequent to the separation.

**8. Ownership Changes.**

Item a. remains unchanged.

- (b) *Continuation of Experience.* Unless excluded under paragraph (c), the experience for any entity undergoing a change in ownership shall be transferred to the experience of the acquiring, surviving or new entity. The date of revision will be the later of the following two dates: 1) the effective date of the policy in effect at the time the **Bureau-DCRB** receives a completed ERM-14 form outlining the ownership change or 2) the date on which the change in ownership occurred.

Item i. remains unchanged.

Items c. and d. remain unchanged.

- (e) Remains unchanged.

- (i) Remains unchanged.

- a) Remains unchanged.

- b) the **Bureau-DCRB** is furnished with the experience required for the calculation of a Merit Rating Plan adjustment submitted in an acceptance format.

- (ii) Remains unchanged.

- a) Remains unchanged.

- b) the **Bureau-DCRB** is furnished with the experience required for the calculation of a Merit Rating Plan adjustment submitted in an acceptable format.

Item 9. remains unchanged.

**SECTION IV** remains unchanged.

**APPLICATION OF MERIT RATING PLAN ADJUSTMENT** remains unchanged.

Items 1. through 4. remain unchanged.

- 4. **Multiple Policy Risk.** If a risk is covered by several policies (as provided in Rule 8. of Section III of this Plan) which differ as to inception dates, the following procedure shall apply:

A single Merit Rating Plan adjustment shall be computed to be effective for a period of 12 months beginning on the (RED) to be established by the **Bureau-DCRB**. The **Bureau-DCRB** may, however,

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authorize the application of an existing Merit Rating Plan adjustment for a period not to exceed 15 months or a new Merit Rating Plan adjustment for a period greater than three months and less than 12 months for the purpose of establishing a new (RED). Any policy effective prior to the new (RED) established by the ~~Bureau~~ [DCRB](#) shall be canceled as of such date and rewritten for a period of 12 months. Any policy effective subsequent to the new (RED) established by the ~~Bureau~~ [DCRB](#) shall be written to expire concurrently with the next ensuing (RED) or shall be canceled as of that date. Any policies subject to this rule which are extended beyond the new period of 12 months shall be subject to the provisions of Rules 3(b) and 3(c) of this section.

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**SECTION V** remains unchanged.

**TABULATION OF EXPERIENCE** remains unchanged.

Item 1. remains unchanged.

2. **Merit Rating Plan Forms.** To determine the Merit Rating Plan adjustment the prescribed experience shall be tabulated by the ~~Bureau~~ [DCRB](#) on approved Merit Rating Plan forms.

Items 3. through 6. remain unchanged.

**SECTION VI** remains unchanged.

**MERIT RATING PLAN PROCEDURE** remains unchanged.

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

## PREFACE

- A.** This Manual of risk classes, underwriting rules, DCRB rating values and rating plans has been filed with the Delaware Insurance Department as required by Delaware Law. It is effective 12:01 A.M., **December 1, 2020**, with respect to all policies, the effective date of which is **December 1, 2020** or thereafter, subject to the following express conditions, for the insurance companies, corporations and associations listed herein and for no other insurance company, corporation or association.

**The Delaware Compensation Rating Bureau shall hereinafter be referred to as the “DCRB”.**

### **B. Organization of Manual**

This Manual has six sections:

- Section 1 – Underwriting Rules
- Section 2 – Rating Values and Classifications/General Auditing and Classification Information
- Section 3 – Endorsements
- Section 4 – Retrospective Rating Plans
- Section 5 – Experience Rating Plan
- Section 6 – Merit Rating Plan

### **C. Definitions**

The following words are referenced in House Bill 241 of 1993 or have been used in this Manual with meanings intended to be consistent with the requirements of that Act. For purposes of improving the understanding of the Manual, definitions of these words as used elsewhere in this Manual are set forth below.

1. **Data Card** –DCRB Data Cards are issued by the Delaware Compensation Rating Bureau, Inc. These data cards provide the risk name, location, file number, authorized classification(s) and if applicable the risk's experience modification for a minimum of one year.  
  
Risks approved for the Delaware Construction Classification Premium Adjustment Program and any other applicable credit programs will be shown on these data cards.
2. **DCRB Loss Costs** – Dollar amounts per unit of exposure attributable to the payment of losses under workers compensation and employers liability coverages, filed by the DCRB based on the aggregate experience of all DCRB members and approved by the Insurance Commissioner.
3. **DCRB Rating Values** – All parameters filed by the DCRB and approved by the Insurance Commissioner, and which are used either mandatorily or by option of carriers for purposes of pricing workers compensation and employers liability coverages. Such DCRB rating values include DCRB Loss Costs, experience rating plan values such as Expected Loss Cost Factors, Credibility, Maximum Value of One Accident, and Credibility Weighted Maximum Value Charge, retrospective rating plan values such as the Table of Expected Loss Ranges, Excess Loss Pure Premium Factors, Retrospective Pure Premium Development Factors, and expense parameters applicable to U.S.L. &H.W. coverages such as Premium Discounts, Expected Loss Ratio, Expense Ratios, Tax Multipliers and Loss Conversion Factors.
4. **Carrier Rate** – The amount per unit of exposure which an insurance carrier charges for workers compensation and employers liability insurance.
5. **Carrier Rating Values** – All parameters used by carriers for purposes of pricing workers compensation and employers liability insurance coverages. Such parameters may be either DCRB rating values adopted by a carrier for its own use or values independently determined by a carrier.

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6. **Loss Cost** – Dollar amounts per unit of exposure attributable to the payment of losses under workers compensation and employers liability coverages. Loss Costs may be developed either by the DCRB based on the aggregate experience of all DCRB members or may be established by individual carriers based on their own supporting information.
7. **Prospective Loss Costs** – Historical aggregate losses projected through development to their ultimate value and through trending to a future point in time including all loss adjustment or claim management expenses and loss-based expenses excluding other operating expenses, assessments, taxes and profit or contingency allowances in this Manual. The term "Loss Cost" is synonymous with Provision for Claim Payment.
8. **Rating Value** – A parameter or number used in pricing workers compensation or employers liability insurance coverages. Rating Values may be established by the DCRB or by individual carriers. Where individual carriers have established Rating Values different from those of the DCRB, the carrier's values supersede those of the Bureau for purposes of that insurer's policies.
9. **Rating Effective Date (RED)** is the earliest date that a specific experience rating or merit rating adjustment is applied to a policy.

Item D. remains unchanged.

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**TABLE OF CONTENTS  
SECTION 1 – UNDERWRITING RULES**

**RULE I - GENERAL** through remains unchanged. **RULE V – PREMIUM BASIS** remains unchanged

**RULE VI – RATING VALUES AND PREMIUM DETERMINATION**

- A. DCRB Rating Values
  - 1. DCRB Loss Cost
  - 2. Disease Loading
  - Items 3. and 4. remain unchanged.
- Items B. through H. remain unchanged.

**RULE VII – PREMIUM DISCOUNT** through **RULE XIII – THE ADMIRALTY LAW AND THE FEDERAL EMPLOYERS LIABILITY ACT** remains unchanged.

**RULE XIV – AGRICULTURAL. DOMESTIC WORKERS - RESIDENCES**

Items A. through D. remain unchanged.

- E. DCRB Rating Values and Premium
  - 1. DCRB Rating Values
  - 2. Records Required
  - 3. Full Time Domestic Workers
  - 4. Occasional Domestic Workers
- F. Schedule Rating

**RULE XV – FINAL EARNED PREMIUM DETERMINATION** through **RULE XVII – MEMBER CARRIER DISPUTES (DISPUTE RESOLUTION CONFERENCE)** remains unchanged.

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**RULE I - GENERAL**

Items A. through E. remain unchanged.

**F. EFFECTIVE DATE**

**1. Manual**

This Manual applies only from the policy effective date which occurs on or after the effective date of this Manual.

**2. Changes**

The effective date of a change in any rule, classification or DCRB rating value is 12:01 a.m. on the date approved for use. Any change will be highlighted and linked to the appropriate DCRB circular announcing the change. Unless specified otherwise, each change applies only from the policy effective date which occurs on or after the effective date of the change.

Item G. remains unchanged.

**H. FILING REQUIREMENTS**

**1. Policy**

An exact copy of every Workers Compensation Policy showing the state of Delaware on the Information Page shall be electronically submitted to the Delaware Compensation Rating Bureau within thirty days after the effective date of the policy.

Item 2. remains unchanged.

**3. Endorsements**

An exact copy of all endorsements or agreements attached to the policy at its inception date or issued subsequent to the inception date of the policy must be electronically submitted to the DCRB within thirty days after the date of issue of such endorsement or agreement.

**4. Standard Endorsement Filing Procedure**

- a. Any endorsement filed with the Insurance Department on behalf of DCRB members by the DCRB must be electronically submitted for approval by the DCRB. For filing procedure details refer to Section 3.
- b. Non Standard Endorsements filing procedure, refer to Section 3.

**5. Binders**

- a. A copy of the binder must be electronically submitted to the DCRB on an approved form with all required endorsements attached no later than thirty days after its date of inception.
- b. The binder must contain the classification codes and Carrier Rating Values applicable to the employer in accordance with the assignment issued by the DCRB or in accordance with the Classification Rules of this Manual if no specific DCRB assignment has been made.
- c. A binder must be replaced with a short-term policy covering the amount of time the binder was in effect or replaced with a full-term policy including the time period the binder was in effect.



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**I. POLICY CORRECTION**

If the DCRB finds that a policy requires correction to conform to Manual rules or classifications, the carrier shall be notified by electronic error message. Such policy shall be corrected and a copy of the correcting endorsement shall be electronically submitted to the DCRB no later than thirty (30) days after notification.

**J. MEDICAL CONTRACTS**

Items 1. and 2. remain unchanged.

3. Medical agreements with physicians and nurses must be in the form of a written contract and must be filed with the DCRB within thirty days of the effective date of the agreement.

**RULE II – EXPLANATION OF COVERAGES AND METHODS OF INSURING**

Items A. through G. remain unchanged.

**RULE III – POLICY PREPARATION – INSURED, POLICY PERIOD AND STATE OF OPERATIONS**

Items A. through Item C. remain unchanged.

Items C.1 through Item C.5 remain unchanged.

**6. Annual Rating Endorsements**

An "Annual Rating Endorsement" shall be submitted annually for each continuing form policy or policy written for a period in excess of one year but not more than three years to be effective on the annual policy effective date set by such policy. It shall be submitted to the DCRB not later than thirty days subsequent to its inception.

Annual rating endorsements shall also:

Items a. through f. remain unchanged.

Item D. remains unchanged.

**RULE IV – CLASSIFICATIONS**

**A. GENERAL EXPLANATION**

**1. Objective**

The objective of the classification system is to group employers into classifications so that the rating value for each classification reflects the exposures common to those employers (See Rule IV, C. 2. & C. 3.). Subject to certain exceptions described later in this rule, it is the business of the insured within Delaware that is classified, not the separate employments, occupations or operations within the business.

Item B. remains unchanged.

**C. ASSIGNMENT OF CLASSIFICATIONS**

**1. Objective of the Classification Procedure**

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- a. The objective of the classification procedure is to assign the one basic classification which best describes each distinct business enterprise of the insured within Delaware. Subject to certain exceptions described in this Rule, each classification includes all the various types of labor found in a distinct enterprise. It is the business which is classified, not the individual employments, occupations or operations within a business. Additional classifications shall be assigned as provided below.
- b. House Bill 430 of 2004 (amending Section 2607, Title 18 of the Delaware Code) permits an insurer to develop a subclassification(s) to the DCRB's classification system as approved by the Insurance Commissioner. The developing insurer shall file any such subclassification(s) with the DCRB and the Insurance Commissioner at least thirty (30) days prior to the proposed effective date for such subclassification(s). The insurer's filing shall demonstrate that payroll and loss data produced under any proposed subclassification(s) can be reported to the DCRB consistent with the DCRB's uniform classification plan and statistical plan. The Insurance Commissioner must disapprove any subclassification filing for which such demonstration is not made.

## 2. Assignment of a Classification

Items a. and b. remain unchanged.

- c. **Authorized Classifications.** When the classification of any insured has been established by the Rating Bureau, no policy shall be issued or endorsed nor adjustment of premium made under any other or conflicting classification.

In any instance where the established classification does not describe the current operations of the insured, the insuring carrier or insured shall draw the matter to the attention of the DCRB in writing with full particulars prior to the application of any other classification. The reclassification shall not take place until the DCRB Staff has received and reviewed such documentation and has replied in writing to the insured or insuring carrier agreeing with their position or otherwise advising on which class(es) to assign.

The insuring carrier is not relieved of the obligation to apply the class authorized for an insured because of lack of knowledge that the DCRB has established an authorized classification for that insured.

## 3. Assignment of Additional Classifications

- a. **Multiple Classifications/Multiple Enterprises** (Not construction or erection operations – see paragraph 6.)

Additional classifications may be used only when valid evidence supports their authorization or in conformity with the rules stated under "Standard Exceptions" and "Exclusions." Additional classes may not be added without DCRB authorization when their use is in violation of Manual Rules or an existing DCRB data card.

Additional classifications shall be assigned to an insured only if the following conditions exist:

Items 1. through 3. remain unchanged.

Item b. remains unchanged.

Items 4 through 8 remain unchanged.

## 9. Classification Appeals

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The DCRB's assignment of an individual risk to a particular classification may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

Item 10. remains unchanged.

Items D. and E. remain unchanged.

**RULE V – PREMIUM BASIS** remains unchanged.

## **RULE VI – RATING VALUES AND PREMIUM DETERMINATION**

### **A. DCRB RATING VALUES**

#### **1. DCRB Loss Cost**

DCRB Loss Costs – Dollar amounts per unit of exposure attributable to the payment of losses under workers compensation and employers liability coverages, filed by the DCRB based on the aggregate experience of all DCRB members and approved by the Insurance Commissioner.

#### **2. Disease Or Radiation Loading**

- a. A supplemental disease loading (e.g. Code 0176) may apply to certain basic classifications (e.g. Code 513). The supplemental disease loading is an additional charge. It is not included within the rating value of the basic classification to which it is assigned. Once authorized, a supplemental disease loading may only be removed upon approval of the Delaware Compensation Rating Bureau, Inc.
- b. The Delaware Workers Compensation Law includes "all occupational diseases arising out of and in the course of employment." The classification and loss cost values applicable to basic classifications without a corresponding supplemental disease loading include the usual exposure to diseases with those classifications.
- c. A supplemental occupational disease loading may be applied to the carrier rate for any individual risk where the occupational disease hazard is abnormal. When a carrier plans to use the supplemental loading, they shall supply the DCRB with an inspection report either by an insurance carrier, Industrial Accident Board or some outside source which supports the abnormal disease exposure. Based on this report, the Rating DCRB will authorize the supplemental loading and publish it on the DCRB data card for a minimum of one year. The supplemental loading can be removed only by an inspection report from an insurance company, or some other outside agency evidencing the abnormal exposure no longer exists. The supplemental disease loading is non-ratable in the experience and retrospective plans.

Items B. through D. remain unchanged.

### **E. PREMIUM MODIFICATION EXPERIENCE RATING PLAN**

Item 1. remains unchanged.

#### **2. Copies of Experience Rate Calculation**

Item a. remains unchanged.

- b. The DCRB shall furnish to any insured employer upon his written request, or to the Home Office or Branch Office of any member of the DCRB upon the written request of the employer, a copy of the experience rating calculation of that employer at an appropriate charge.

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- c. The insurance carrier of record shall be notified of the DCRB experience modification established by the Experience Rating Procedure not more than 90 days prior to the effective date of the rating.

Item F. remains unchanged.

**G. SCHEDULE RATING**

- 1. An insurer may adopt a schedule rating plan, subject to such a plan being "Filed" (approved) by the Delaware Insurance Department. The plans permit the carrier to apply a schedule credit (use Code **9887**) or debit (use Code **9889**) to the standard premium determined in accordance with the DCRB rating values and rating plans filed by the Delaware Compensation Rating Bureau, Inc.

Item 2. and 3. remain unchanged.

**RULE VII – PREMIUM DISCOUNT**

Item A. remains unchanged.

**B. COMBINATION OF POLICIES**

Item 1. remains unchanged.

**2. Combination Procedure**

Remains unchanged.

- a. The DCRB shall determine the effective date for the application of premium discount.

Items b. and c. remain unchanged.

**C. LARGE CONSTRUCTION PROJECTS (Wrap-Up)**

Remains unchanged.

Items 1. through 6. remain unchanged.

**7. DCRB Notification**

The DCRB must be notified of the method by which the wrap-up policies will be identified

Items 8. through 9. remain unchanged.

**RULE VIII – LIMITS OF LIABILITY**

**B. VOLUNTARY COMPENSATION INSURANCE**

Items 1. and 2. remain unchanged.

**3. Premium Determination**

Premium shall be determined on the basis of the workers compensation rules, classifications and the DCRB rating values in this Manual for the state workers compensation law designated in the schedule in the Voluntary Compensation and Employers Liability Coverage Endorsement.

Item 4. remain unchanged.

**RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM**

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Item A. through E. remain unchanged.

**F. DELAWARE WORKPLACE SAFETY PROGRAM**

1. Item 1. remains unchanged.

**2. Eligibility**

Items a. and b. remain unchanged.

c. The DCRB will test each employer by taking the required unit statistical card payroll times current Residual Market Rates times most current experience modification to determine the employer's qualifying premium.

Items 3. through 6. remain unchanged.

**7. Qualified Employer**

The DCRB will be informed when an employer passes the inspection. The DCRB will then record on the experience rating calculation sheet the credit percentage to apply to the renewal policy. Code 9880 is to be used in policy issuance and statistical reporting to record the Safety Program premium credit, which is to be applied after experience modification and after deviation or schedule rating adjustments but before calculating premium discount and before adding of expense constant.

**For Example:**

975	Restaurant	\$350,000	\$4.39	\$15,365	
953	Clerical	80,000	.54	432	
	Sub-Total			15,797	
9898	Experience Modification		.95	790	Credit
	Sub-Total			15,007	
9887	Schedule Credit 5%			750	Credit
	Sub-Total			14,257	
<b>9880</b>	<b>Safety Program Credit 19%</b>			<b>2,709</b>	<b>Credit</b>
	Sub-Total			11,548	
0063	Premium Discount				
	if applicable				
0900	Expense Constant				
	if applicable				
9999	Estimated Annual Premium			11,548	

**8. Safety Credit Percentages**

Safety credits will be granted 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.

**9. DCRB Rating Values**

A Delaware Workplace Safety Program Correction Factor shall be included in loss costs and residual market rates. This factor shall be designed to make the Workplace Safety Program revenue neutral in the aggregate.

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**10. Appeals**

The DCRB's determination of the percentage credit for an individual risk eligible for the Delaware Workplace Safety Program may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

REGULAR – A pattern of 40 hours per week or any other pattern that appears on a continuing basis.

**H. DELAWARE CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

The total construction classification credit amount, in dollars, must be calculated and then divided by the total policy premium at DCRB rating values - including construction and non-construction classifications. The result would be the percentage credit which is to be applied to the policy. When calculating the total policy credit the percentage shall be rounded to the nearest whole number with .5 being rounded upward (as an example, 4.4 rounded to 4% and 4.5 rounded to 5%).

The insured shall submit the required payroll and hours worked information to the Delaware Compensation Rating Bureau, Inc. for calculation of any applicable credit. The carrier shall, upon audit, verify the information that was submitted by the insured and used in the calculation of the credit. If the carrier discovers an error in the original request for policy credit, the revised information must be submitted to the Delaware Compensation Rating Bureau, Inc. for recalculation. If the insured does not furnish records to verify the payrolls and hours worked originally submitted and used in the calculation of the credit, there shall be no credit applied to the policy.

The credit authorized by the Delaware Compensation Rating Bureau, Inc. shall appear on Item 4 of the policy. If the credit applicable to the policy is not available at the time of policy issuance, the carrier shall endorse the policy to provide the appropriate credit information once a qualifying application has been processed and the DCRB has notified the carrier of the credit determined on the basis of such application.

Report Delaware Construction Class Premium Credit on the information page and unit statistical report under **Code 9046**.

Carriers are required to use the approved form to notify all their insureds, who have one or more construction classifications on their policy, that they may be eligible for a premium adjustment credit.

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

601	611	646	653	659	665	673	681
603	615	647	654	660	666	674	682
605	617	648	655	661	667	675	691
607	625	649	656	662	668	676	693
608	643	651	657	663	669	677	695
609	645	652	658	664	670	679	

3. The DCRB will inform the carrier and employer of the credit percentage. The DCRB will then record on the experience rating sheet (when applicable) the credit percentage to apply to the policy. Code 9046 is to be used in policy issuance and statistical reporting to record the construction premium credit, which is to be applied after the experience modification and after the deviation or schedule rating adjustments, but before calculating the premium discount and before adding the expense constant.

**4. Appeals**

The DCRB's determination of an individual risk's eligibility for and/or the percentage of credit under the Delaware Construction Classification Premium Adjustment Program may be appealed pursuant to

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Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

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DCRB FILE NO \_\_\_\_\_

**DELAWARE WORKERS COMPENSATION – 200\_\_  
PREMIUM CREDIT APPLICATION**

NAME ON INSURANCE POLICY \_\_\_\_\_

INSURANCE COMPANY (Not Agent) \_\_\_\_\_

POLICY NO \_\_\_\_\_ EFF. DATE \_\_\_\_\_

**Notice:** Unless Code(s), total wages paid as reported to taxing authorities, total hours worked, and calendar quarter reported are indicated and application is signed, it cannot be processed. Must include non-construction class code payrolls. Corporate Officers should be included in the appropriate classification. Do not include corporate officers who have elected to be excluded from the Workers Compensation Act. Contact your agent and/or insurance company if assistance is desired.

<u>CLASSIFICATION DESCRIPTION</u>	<u>DELAWARE WC CLASS CODE</u>	<u>TOTAL DELAW ARE WAGES PAID THIS QUATER</u>	<u>TOTAL HOURS WORKED THIS QUARTER (Including O.T.)</u>
<b>Example: Carpentry</b>	<b>651</b>	<b>\$8,000</b>	<b>520</b>
<b>Example: Office</b>	<b>953</b>	<b>\$2,000</b>	<b>400</b>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The foregoing is based on actual wages and hours worked, as reflected in our payroll records, for the complete calendar quarter ending \_\_\_\_\_.

Signature \_\_\_\_\_ Title \_\_\_\_\_

Telephone Number \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**SEND APPLICATION TO DELAWARE COMPENSATION RATING BUREAU, INC., ATTENTION: EXPERIENCE RATING  
DEPARTMENT, – Suite 1500, 30 South 17th Street PHILADELPHIA, PA 19103-4007.**



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**RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE** remain unchanged.

**RULE X - CANCELLATION**

**A. WHO MAY CANCEL**

Remains unchanged.

***IMPORTANT NOTICE: CANCELLATION NOTICES MUST BE FILED WITH THE DCRB WITHIN 10 DAYS OF ISSUANCE; PROVIDED, HOWEVER, THAT FAILURE TO FILE SUCH NOTICE WITHIN THE REQUIRED TIME SHALL NOT INVALIDATE ANY CANCELLATION WHICH HAS BEEN MADE IN ACCORDANCE WITH THE PROVISIONS OF THE POLICY.***

Items B. through F. remain unchanged.

**RULE XI – THREE YEAR FIXED RATE POLICY OPTION** remains unchanged.

**RULE XII – U.S LONGSHORE AND HARBOR WORKERS' COMPENSATION ACT**

Items A. through D. remain unchanged.

**E. DCRB RATING VALUES AND PREMIUM**

**1. DCRB Rating Values**

The DCRB Rating Values for Codes 0908, 0909, 0912 and 0913 are per capita premium charges. Terrorism (**9740**) and Catastrophe (other than Certified Acts of Terrorism) (**9741**) do not apply to per capita classification premium charges.

Items 2. through 4. remain unchanged.

**F. DCRB RATING VALUES AND PREMIUM**

Remains unchanged.

**RULE XV – FINAL EARNED PREMIUM DETERMINATION** remains unchanged.

**RULE XVI – APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE** remains unchanged.

**RULE XVII – MEMBER CARRER DISPUTES (DISPUTE RESOLUTION CONFERENCE)** remains unchanged.

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**SECTION 2 - CLASSIFICATIONS AND DCRB RATING VALUES**

**DCRB RATING VALUES**

**U.S. LONGSHORE AND HARBOR WORKERS' ACT COVERAGE** remains unchanged.

**CLASSIFICATIONS—NUMERIC AND GROUP ARRANGEMENT** remains unchanged.

**WORKERS COMPENSATIONS – DOMESTIC WORKERS** remain unchanged.

**EXPLOSIVES AND AMMUNITION MANUFACTURING** remains unchanged.

**MARITIME OR FEDERAL EMPLOYMENTS** remain unchanged.

**AIRCRAFT OPERATIONS** remain unchanged.

**SUBCLASSIFICATION – CARRIER OPTION**

House Bill 430 of 2004 (amending §2607, Title 18 of the Delaware Code) permits an insurer to develop a sub classification or sub classifications to the DCRB's classification system as approved by the Insurance Commissioner. The developing insurer shall file any such sub classification or sub classifications with the DCRB and the Insurance Commissioner at least thirty (30) days prior to the proposed effective date for such sub classification or sub classifications. The insurer's filing shall demonstrate that exposure and loss data produced under any proposed sub classification or sub classifications can be reported to the DCRB consistent with the DCRB's uniform classification system and Statistical Plan. The Insurance Commissioner must disapprove any sub classification filing for which such demonstration is not satisfactorily made.

**DEFINITIONS** remain unchanged.

**(CLASSIFICATIONS- CLASS CODE 005 –TREE PRUNING, SPRAYING, RPAIRING OR FUMIGATING through CLASS CODE 511– CONCRETE PRODUCTS MANUFACTURING** remains unchanged.)

**512 BRICK MFG., N.O.C.**

Excluding quarrying or mining, also excluding clay or shale digging in open pits.

A supplementary dust disease loading shall be added by the DCRB to cover the potential hazard of those employers using material containing free silica.

Code 0175 at either the carrier or assigned risk rate is to apply to such exposure, but note that payroll developed by the exposure is also to be included in the Class 512 payroll at either the carrier or assigned risk rate. Premium developed under Code 0175 is not subject to experience or retrospective rating.

***UNDERWRITING GUIDE remains unchanged.***

**513 POTTERY, N.O.C. – NO BRICK, NON-DECORATIVE TILE, SEWER PIPE OR GAS RETORTS MFG.**

A supplementary dust disease loading shall be added by the DCRB to cover the potential hazard of those employers using material containing free silica.

Code 0176 at the carrier or assigned risk rate is to apply to such exposure, but note that payroll developed by the exposure is also to be included in the Code 513 payroll at the carrier or assigned risk rate. Premium developed under Code 0176 is not subject to experience or retrospective rating.

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***UNDERWRITING GUIDE remains unchanged.***

**(CLASS CODE 535–GLASS OR GLASSWARE MFG. through COMPUTER AND/OR SOFTWARE CONSULTING  
BUSINESSES remains unchanged.)**

**DRIVERS (Payroll Allocation)**

It is the DCRB's position that the payroll of drivers, chauffeurs or their helpers which cannot be allocated to a specific classification because they have duties common to more than one classification shall be assigned to the governing classification of the two or more classifications to which their work belongs.

The above ruling does not supersede any Manual rules found in Section 2 of the Delaware Manual, nor does it supersede any Manual wording footnotes found in Section 2 regarding the allocation of payroll for the 800-series of classifications (Trucking and Storage Industry).

***Example:***

Insured X has approved classifications Code 0034 and Code 865. If insured X had separate crews of drivers that did not interchange their duties between the two operations, the separate crews would have their payroll allocated to the separate respective classifications.

If no such separate crew existed and the drivers, etc. have duties common to both operations, their payroll would be assigned to the governing classification exclusive of miscellaneous employee payroll.

**EMPLOYMENT CONTRACTOR – TEMPORARY STAFFING through CLASSIFICATION UNDERWRITING GUIDE  
remains unchanged.**

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**SECTION 3 – ENDORSEMENTS remain unchanged.**

**SECTION 4 -  
RULES AND PROCEDURE GOVERNING THE APPLICATION OF THE RETROSPECTIVE  
RATING PLANS - DELAWARE**

**PART ONE  
DESCRIPTION OF THE PLAN**

Item I. remains unchanged.

II. Items A. through C. remain unchanged.

**D. RATES**

1. Remains unchanged.

- a. the manual rate that has been established by the DCRB if no deviation or schedule rating exists.
- b. the manual rate that has been established by the DCRB modified by an approved schedule rating adjustment.
- c. Carrier Manual Rate if an insurance company has had a deviation from DCRB Manual Rate stamped "Filed" by the Insurance Commissioner.

2. DCRB Manual Rate means the rate shown after the classification code number on the rate pages in Section 2 of the Basic Manual for Workers Compensation and Employers Liability Insurance.

Items E. through J. remain unchanged.

Item III. remains unchanged.

**PART TWO** remains unchanged.

**PART THREE  
ADMINISTRATION OF THE PLAN**

**I. ELECTION OF INSURED TO BE SUBJECT TO RETROSPECTIVE RATING**

Remains unchanged.

**B. HOW CARRIER ACCEPTS ELECTION OF THE INSURED**

1. Remains unchanged.

2. After the carrier accepts the insured's (election to be subject to this Plan, notification of coverage shall be sent to the DCRB not later than 60 days after the effective date of the Plan indicated on that form.

**NOTE:** The DCRB must be notified by the carrier if they and the insured agree to shorten or lengthen the period of the Plan's application, up to a maximum of 60 days.

Items C. and D. remain unchanged.

**II. REPORTS OF PREMIUMS AND LOSSES UNDER THE PLAN**

Items 1. and 2. remain unchanged.

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**3. VERIFICATION OF DATA**

All data reported to and accepted by the DCRB under the Unit Statistical Plan Manual shall be accepted as verified data for computation of the Retrospective Premium.

**III. FILING REQUIREMENTS**

**1. NOTIFICATION OF COVERAGE**

Send one copy of Notification of Coverage to this DCRB for all plans, both intrastate and interstate, which apply in this jurisdiction.

**2. FACTORS FOR RETROSPECTIVE RATING OPTION V**

- a.** Two copies of an "Application for Approval of Proposed Retrospective Rating Values" shall be filed for approval with the DCRB.
- b.** Remains unchanged.

Remains unchanged.

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**TABLE OF INSURANCE CHARGES/TABLE M**

**GENERAL EXPLANATION** remains the unchanged.

Items A. through O. remain unchanged.

**AN EXAMPLE OF BASIC PREMIUM FACTOR DETERMINATION**

Items 1. through 4. remain unchanged.

**5. EXPENSE AND PROFIT OR CONTINGENCY – EXCLUDING TAXES:**

The expense and profit or contingency (excluding taxes) is determined, for One Year Plans by multiplying the standard premium by the expense ratio found in either the Stock or Non-Stock "Tables of Compensation Expense Ratios – Excluding Taxes, including profit or contingencies." Refer to Part Four – Premium Computation Tables. For Three Year Plans, values are determined similarly for each of the years based on each annual estimated Standard Premium, and the sum of these values is the provision for expense and profit or contingency. The value for expenses shown in this example is equal to  $\$102,500 \times \$500,000 \times .205$ . Note that the Tables of Expense Ratios, and other factors used in the calculations, are subject to revision in accordance with modifications adopted by the DCRB. Therefore, care should be taken to use current ratios and factors when preparing a plan calculation.

Items 6. through 18. remain unchanged.

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**TABLE OF CONTENTS** remains unchanged.

**SECTION 5 - EXPERIENCE RATING PLAN** remains unchanged.

**GENERAL RULES SECTION I**

**INSTRUCTIONS**

Items 1. through 3. remain unchanged.

3. This Plan and all amendments thereto, unless otherwise specifically provided, shall be applied as of the first rating effective date of the risk, as established by the DCRB, which is on or after the effective date of any change in the rules or rating values of this Plan, but shall not otherwise be available to outstanding ratings.
4. Remains unchanged.
5. **Appeals.** Any determination or decision of the DCRB for an individual risk under the Delaware Experience Rating Plan may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

**SECTION II – DEFINITIONS**

Items 1. through 3. remain unchanged.

4. Remains unchanged.

If the classification assigned to a risk is revised or modified, for the purpose of this Plan the DCRB shall similarly reassign the classification of the experience period except that, if the revision is due to a change in operations, no part of the experience period prior to such operations change shall be affected.

Item 5. remains unchanged.

**SECTION III – GENERAL PROVISIONS**

Items 1. through 4.)

5. **Experience to be Used.** The entire experience of the risk (except as otherwise provided in Rule 1 of Section V of this Plan) incurred within the experience period on all its operations, whether such operations are normal to the business or otherwise, shall be reported and used in determining the experience modification. The DCRB may, at its discretion, verify any or all the data from which the experience modification is to be determined.
6. **Self-Insurers' Data.** The experience of self-insurers may be accepted by the DCRB provided the experience on self-insured operations is submitted on the approved form, giving the required information with respect to payrolls and losses. Such statement shall be secured, verified and submitted by an interested carrier.

Self-insured experience shall not be used in rating a risk unless the operations that produced such experience are to be insured under a Standard Workmen's Compensation and Employers' Liability Policy.

Items 7. remains unchanged.

8. Items a. through e. remain unchanged.
  - (f) Affiliates combined for rating voluntarily (i.e., not a mandatory combination), which wish to change their rating option and have each affiliate separately rated based on its individual experience, may petition the DCRB to do so. Upon DCRB approval, separate policies must be issued for each affiliate. Unless the DCRB is provided with the segregated experience needed to produce separate ratings for each affiliate in an acceptable format, each affiliate will continue to be rated using combined

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experience for any policy period(s) for which segregated experience is not available and its own separately reported experience for policy period(s) subsequent to the separation.

9. Items a. through c. remain unchanged.

- (d) Continuation of Experience. Unless excluded under paragraph (e), the experience for any entity undergoing a change in ownership shall be transferred to the experience of the acquiring, surviving or new entity. The date of revision will be the later of the following two dates: 1) the effective date of the policy in effect at the time the DCRB receives a completed ERM-14 form outlining the ownership change or 2) the date on which the change in ownership occurred.

Items e. and f. remain unchanged.

(g) Remains unchanged.

(a) Remains unchanged.

(b) the DCRB is furnished with the experience required for the calculation of such modifications submitted in an acceptable format.

Item ii. remains unchanged.

Item i. remains unchanged.

(ii) the DCRB is furnished with the experience required for the calculation of such modifications submitted in an acceptable format.

(h) **Evasion of Experience Rating Modification.**

(i) Remains unchanged.

- (ii) **DCRB Response.** In such circumstances the DCRB may obtain information that indicates evasion or improper calculation, application or omission of experience rating modifications due to actions included, but not limited to, those listed above. The DCRB will act to ensure the proper calculation and application of experience rating modifications impacted by these actions. This may include, but is not limited to the:

Items a. through f. remain unchanged.

Item 10. remains unchanged.

**SECTION IV** remains unchanged.

**APPLICATION OF EXPERIENCE MODIFICATION** remains unchanged.

Items 1. through 3. remain unchanged.

4. **Multiple Policy Risk.** If a risk is covered by several policies (as provided in Rule 8 of Section III of this Plan) which differ as to inception dates, the following procedure shall apply:

A single experience modification shall be computed to be effective for a period of twelve months beginning on the (RED) to be established by the DCRB. The DCRB may, however, authorize the application of an existing experience modification for a period not to exceed fifteen months or a new experience modification for a period greater than three months and less than twelve months for the purpose of establishing a new (RED). Any policy effective prior to the new (RED) established by the DCRB shall be cancelled as of such date and rewritten for a period of twelve months. Any policy effective subsequent to the new (RED) established by the DCRB shall be written to expire concurrently with the next ensuing (RED) or shall be cancelled as of that date.



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Any policies subject to this rule which are extended beyond the new period of twelve months shall be subject to the provisions of Rules 3(b) and 3(c) of this Section.

**SECTION V** remains unchanged.

**TABULATION OF EXPERIENCE** remains unchanged.

Item 1. remains unchanged.

**2. Rating Forms.** To determine the experience modification the prescribed experience shall be tabulated by the DCRB on approved rating forms.

Items 3. through 8. remains unchanged.

**SECTION VI** remains unchanged.

**SECTION 6 - MERIT RATING PLAN** remain the same.

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**GENERAL RULES SECTION I** remains unchanged.

**INSTRUCTIONS** remain the same.

Items 1. and 2. remains unchanged.

3. This Plan and all amendments thereto, unless otherwise specifically provided, shall be applied as of the first (RED) of the risk, as established by the DCRB, which is on or after the effective date of any change in the rules or rating values of this Plan but shall not otherwise be available to outstanding ratings.
4. It shall not be permissible by cancellation or rewriting or by the extension of the policy term to alter an existing policy for the purpose of enabling the risk to qualify for or avoid application of this Plan.
5. **Appeals.** Any determination or decision of the DCRB for an individual risk under the Delaware Merit Rating Plan may be appealed pursuant to Rule XVI, APPEALS FROM APPLICATION OF THE RATING SYSTEM PROCEDURE, Section 1 of this Manual.

**SECTION II – DEFINITIONS**

Item 1. through 3. remain unchanged.

4. **Experience.** For the purpose of this Plan experience shall mean the record established by a risk under Workers Compensation and Employers' Liability Insurance, as disclosed by the losses incurred by the insurance carrier or carriers and the payrolls or other exposures segregated according to classification of operations. If the classification assigned to a risk is revised or modified, for the purpose of this Plan the DCRB shall similarly reassign the classification of the experience period except that, if the revision is due to a change in operations, no part of the experience period prior to such operations change shall be affected.

Items 5. through 10. remain unchanged.

**SECTION III – GENERAL PROVISIONS**

Items 1. through 3. remain unchanged.

4. **Experience to be Used.** The entire experience of the risk (except as otherwise provided in Rule I of Section V of this Plan) incurred within the experience period on all its operations, whether such operations are normal to the business or otherwise, shall be reported and used in determining the Merit Rating Plan adjustment. The DCRB may, at its discretion, verify any or all the data from which the Merit Rating Plan adjustment is to be determined.
5. **Self-Insurers' Data.** The experience of self-insurers may be accepted by the DCRB provided the experience on self-insured operations is submitted on the approved form, giving the required information with respect to payrolls and losses. Such statement shall be secured, verified and submitted by an interested carrier.

Self-insured experience shall not be used in applying the Merit Rating Plan to a risk unless the operations that produced such experience are to be insured under a Standard Workers Compensation and Employers' Liability Policy.

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**COMBINATIONS OR CHANGES OF STATUS** remain the same.

Item 7. remains unchanged.

Items a. through e. remain unchanged.

- (f) Affiliates, combined for purposes of merit rating voluntarily (i.e., not a mandatory combination), which wish to change their merit rating option and have each affiliate separately merit-rated based on its individual experience, may petition the DCRB to do so. Upon DCRB approval, separate policies must be issued for each affiliate. Unless the DCRB is provided with the segregated experience needed to produce separate Merit Rating Plan adjustments for each affiliate in an acceptable format, each affiliate will continue to be subject to the Merit Rating Plan using combined experience for any policy period(s) for which segregated experience is not available and its own separately reported experience for policy period(s) subsequent to the separation.

**8. Ownership Changes.**

Item a. remains unchanged.

- (b) *Continuation of Experience.* Unless excluded under paragraph (c), the experience for any entity undergoing a change in ownership shall be transferred to the experience of the acquiring, surviving or new entity. The date of revision will be the later of the following two dates: 1) the effective date of the policy in effect at the time the DCRB receives a completed ERM-14 form outlining the ownership change or 2) the date on which the change in ownership occurred.

Item i. remains unchanged.

Items c. and d. remain unchanged.

- (e) Remains unchanged.

- (i) Remains unchanged.

- a) Remains unchanged.

- b) the DCRB is furnished with the experience required for the calculation of a Merit Rating Plan adjustment submitted in an acceptance format.

- (ii) Remains unchanged.

- a) Remains unchanged.

- b) the DCRB is furnished with the experience required for the calculation of a Merit Rating Plan adjustment submitted in an acceptable format.

Item 9. remains unchanged.

**SECTION IV** remains unchanged.

**APPLICATION OF MERIT RATING PLAN ADJUSTMENT** remains unchanged.

Items 1. through 4. remain unchanged.

- 4. **Multiple Policy Risk.** If a risk is covered by several policies (as provided in Rule 8. of Section III of this Plan) which differ as to inception dates, the following procedure shall apply:

A single Merit Rating Plan adjustment shall be computed to be effective for a period of 12 months beginning on the (RED) to be established by the DCRB. The DCRB may, however, authorize the

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application of an existing Merit Rating Plan adjustment for a period not to exceed 15 months or a new Merit Rating Plan adjustment for a period greater than three months and less than 12 months for the purpose of establishing a new (RED). Any policy effective prior to the new (RED) established by the DCRB shall be canceled as of such date and rewritten for a period of 12 months. Any policy effective subsequent to the new (RED) established by the DCRB shall be written to expire concurrently with the next ensuing (RED) or shall be canceled as of that date. Any policies subject to this rule which are extended beyond the new period of 12 months shall be subject to the provisions of Rules 3(b) and 3(c) of this section.

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**SECTION V** remains unchanged.

**TABULATION OF EXPERIENCE** remains unchanged.

Item 1. remains unchanged.

2. **Merit Rating Plan Forms.** To determine the Merit Rating Plan adjustment the prescribed experience shall be tabulated by the DCRB on approved Merit Rating Plan forms.

Items 3. through 6. remain unchanged.

**SECTION VI** remains unchanged.

**MERIT RATING PLAN PROCEDURE** remains unchanged.