

July 22, 2024

DCRB CIRCULAR NO. 1036

To All Members of the DCRB:

Re: EXPERIENCE RATING PLAN REVISIONS - EFFECTIVE DECEMBER 1, 2024

The DCRB submitted Filing No. 2401 to the Delaware Insurance Department on July 15, 2024. The filing proposes changes to the Experience Rating Plan (ERP) for policies with Rating Effective Dates on or after December 1, 2024. This filing has been submitted in advance so revisions to the ERP can be implemented concurrent with the next annual loss cost filing, also effective December 1, 2024.

The proposed changes primarily focus on assigning different credibility weights to employers' reported data and implementing new limitations on the charges associated with individual accidents. The existing arithmetic formula for experience rating will remain the same. Additionally, proposals were made to change the eligibility threshold from an annual \$3,161 to \$5,000 over the three-year experience period to provide consistency with the industry practices and introduced a maximum modification factor primarily benefiting smaller risks. During a one-year transition period changes will also not exceed +40% as policies transition to the new plan. This filing results from extensive research and analysis conducted by the DCRB over several years, exploring various alternatives to enhance the existing ERP. This process also included input from various stakeholders, including carriers, agents, brokers, regulators, and others. The proposed ERP adjustments provide enhanced plan performance through improved accuracy that will incentive workplace safety. Members can find the details regarding the proposed changes and transition period rules in the complete filing on our website at www.dcrb.com in the "Filings" section.

The change in eligibility also changes the eligibility requirement for the Workplace Safety Program (WSP). The WSP shares eligibility criteria with the ERP and utilizes the credibility of qualified employers based on the uniform ERP. Under the updated plan, employers qualify if they meet the ERP criteria, which is \$5,000 or more of Delaware-only premium at residual market rates over the three-year experience rating period. The WSP also uses the same credibility table as the Experience Rating Plan. Also, if an employer does not qualify for the ERP, it often would qualify for the Merit rating plan.

To facilitate understanding of the new ERP, the DCRB has published a Factsheet and Frequently Asked Questions (FAQ) on the [Experience Rating](#) section of the DCRB website. During this transitioning period, the DCRB will also be providing additional educational materials and tools related to the new plan. We encourage all stakeholders to regularly visit our website for updates and announcements regarding this filing in the coming months.

Questions concerning this filing should be directed to Brent Otto, Vice President of Actuarial Services and Chief Actuary, at botto@pcrb.com.

William V. Taylor
President