

DELAWARE COMPENSATION RATING BUREAU, INC.

A large, abstract graphic on the left side of the page. It features a solid green vertical bar on the far left. To its right, several overlapping, slanted rectangular shapes in shades of green and grey create a sense of depth and movement, extending from the top left towards the bottom right.

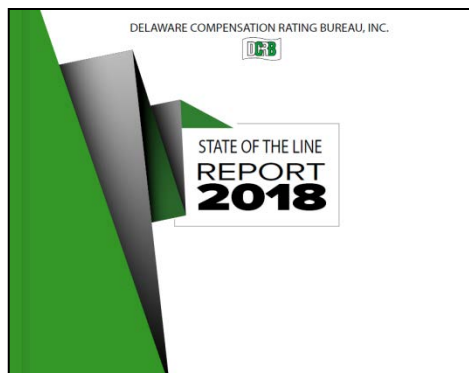
STATE ACTIVITY
REPORT
2018

Workers Compensation State Activity Report for Delaware

The Delaware Compensation Rating Bureau's (DCRB) **State Activity Report** provides a high level review of workers compensation information underlying the Delaware 2018 Rate and Loss Cost Filing and other data analyses initiated in 2018. This year represents the third publication of the report.

This book follows the same format as last year to allow for annual comparisons. The **State Activity Report** is intended to be one of several resources available to stakeholders, including regulators, to provide annual assessments and insights into the activities occurring in the Delaware workers compensation system

For further insights on the Delaware workers compensation marketplace and the DCRB, please visit our website at www.dcrb.com, to check out the reports recently published on the year in review.



The Year in Review

2

NEWS

- Indemnity Data Call Announced
- Unit Data Manager Application Released
- State Medical Activity Reports Published
- Carrier Medical Data Analytics Reports Published
- WC Data Pro Benchmarking Product Version 2 Released
- WC Underwriting Web Service Version 2 Released

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FILINGS & RESULTS

- -3.39% "F" Class Rate Filing Approval due to Tax Cuts and Jobs Act of 2017
- -4.86% Rate Filing Approval due to Tax Cuts and Jobs Act of 2017
- -7.29% Annual Rate Filing Approval
- \$222 Million Standard Earned Premium

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DATA COLLECTION

- 129,997 Policy Documents
- 30,750 USRs
- 412,085 Medical Data Call Records
- 552 Financial Calls

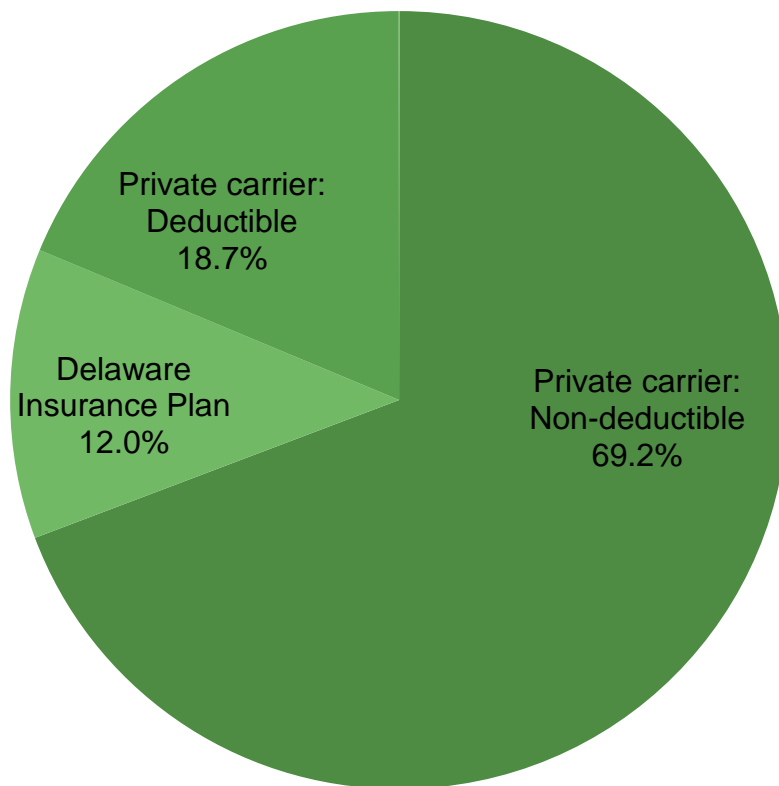
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OPERATIONAL

- 409 Classification Inquiries
- 400 DCCPAP Credits
- 1,495 Workplace Safety Credits
- 813 Delaware Insurance Plan Applications
- 19 DCRB Circulars Published on various WC Topics
- System Reengineering Project Continues

Delaware Market Share

Delaware employers are required to secure their liability through private insurance, the Delaware Workers Compensation Insurance Plan (DIP), self-insurance, or self-insured groups. The DIP (“assigned risk” or “residual market”) ensures that all employers have a means of meeting their statutory obligation under the workers compensation law. The DCRB collects data from all private insurance carriers that write workers compensation business in Delaware.

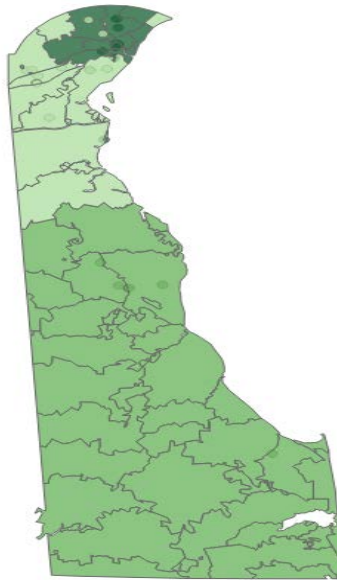


% of Premium

Employers that choose to apply for self-insured status or join a certified group self-insurance fund are not required to report any data to the DCRB. Therefore, that data is not included in this exhibit.

Workers Compensation Premium

Geographical View

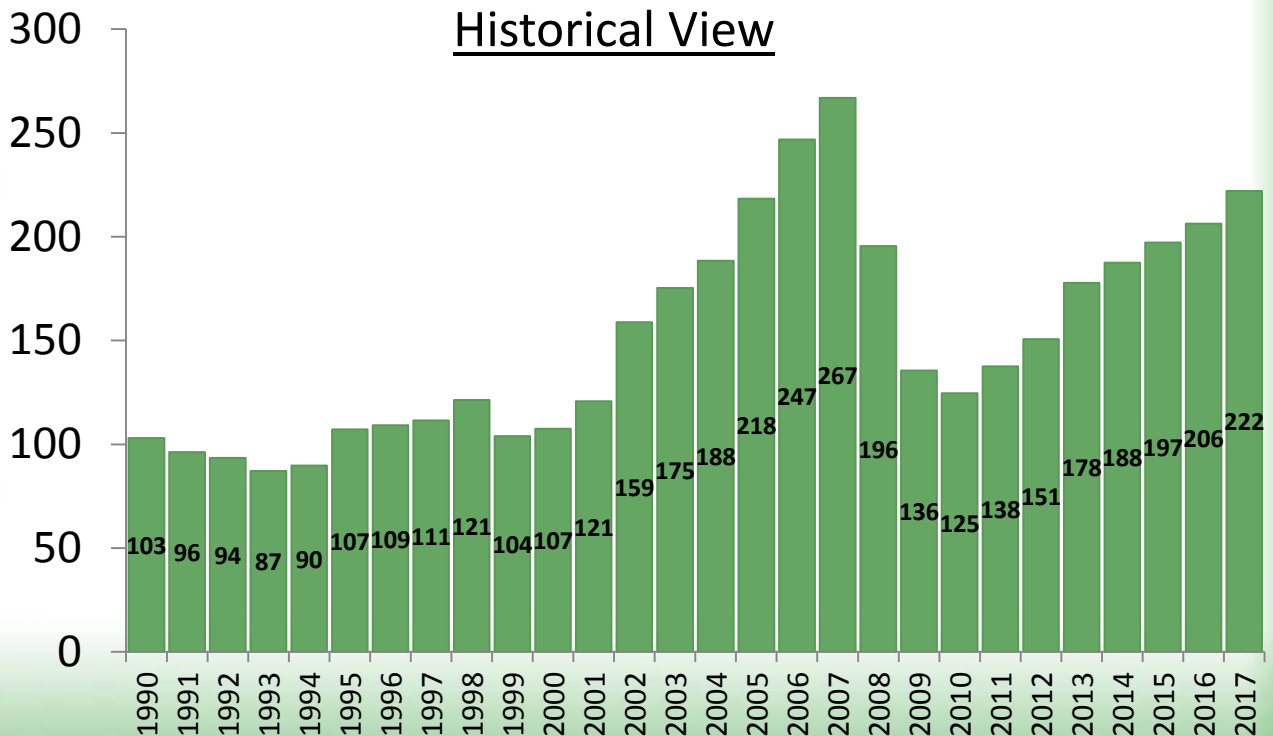


Standard Earned Premium @ Bureau Level

\$48,583,559

\$98,696,537

Historical View

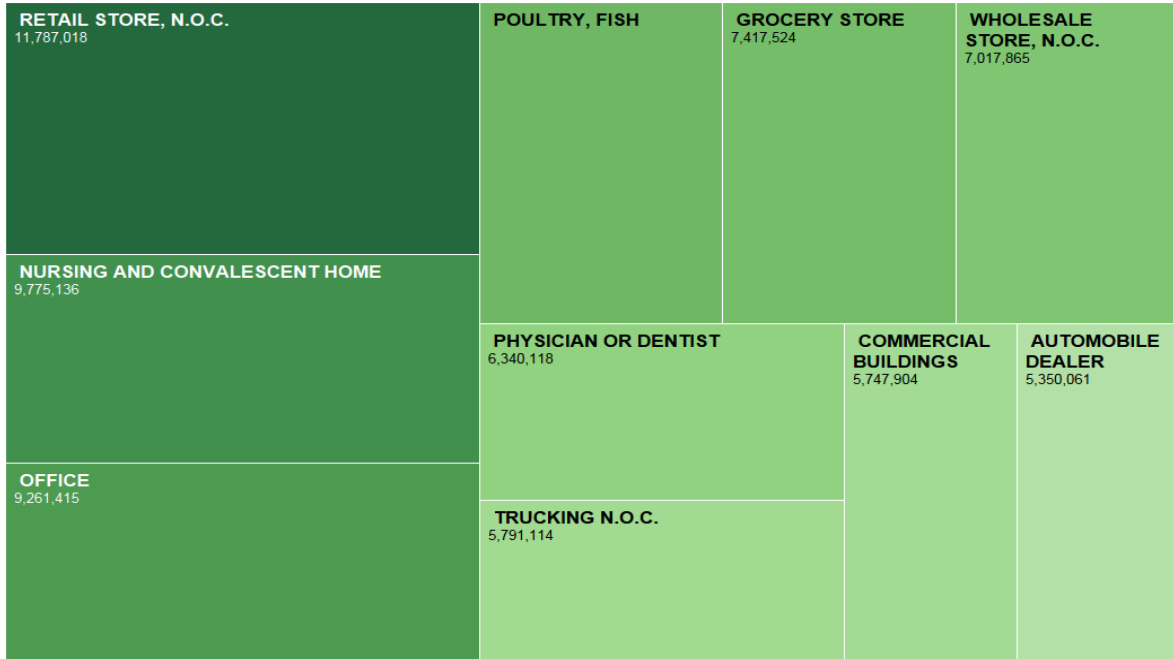


Premium Demographics

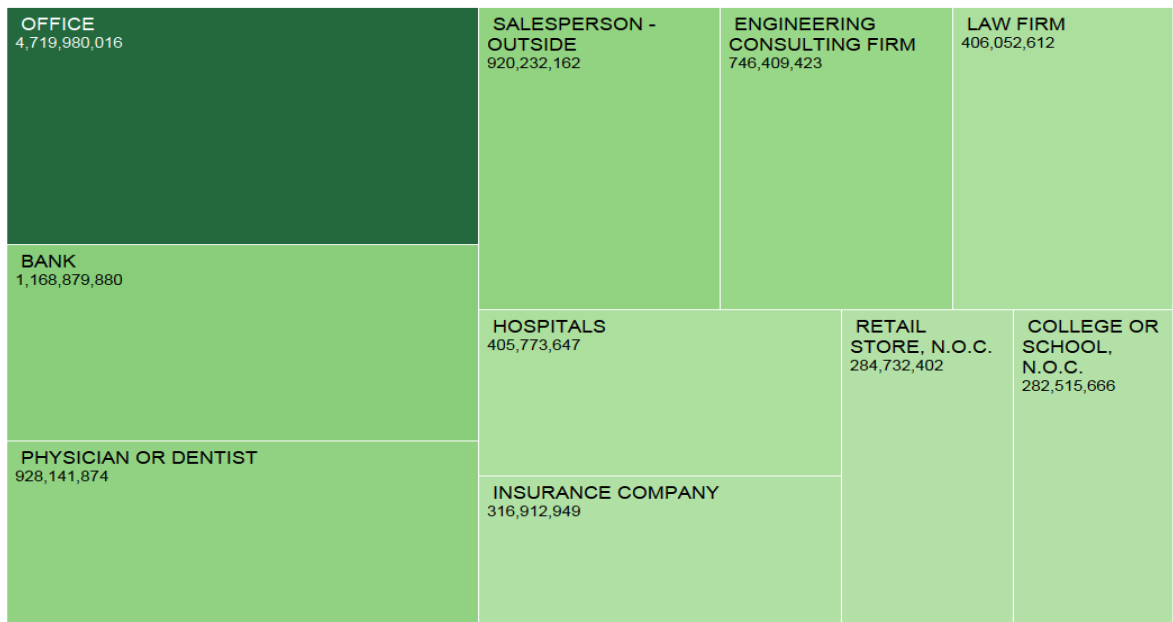
Premium Range	# Risks	Std Prem (\$000)
0-2,499	13,802	\$9,362
2,500-4,999	2,346	\$8,458
5,000-7,499	1,159	\$7,099
7,500-9,999	675	\$5,891
10,000-14,999	741	\$9,202
15,000-24,999	738	\$14,723
25,000-49,999	653	\$24,197
50,000-99,999	385	\$29,718
100,000-249,999	278	\$45,455
250,000+	144	\$101,748

Premium & Payroll by Classification

Top 10 Classes by Premium (\$)



Top 10 Classes by Payroll (\$)



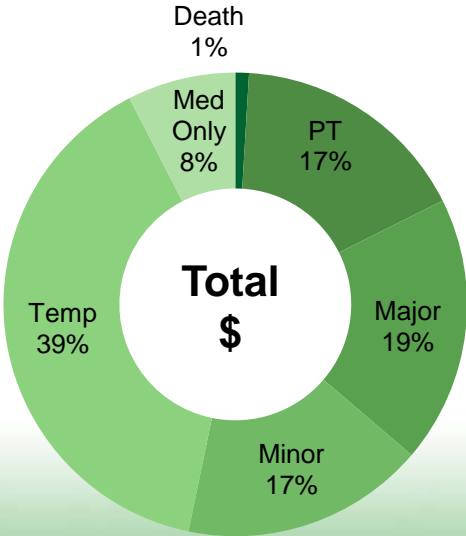
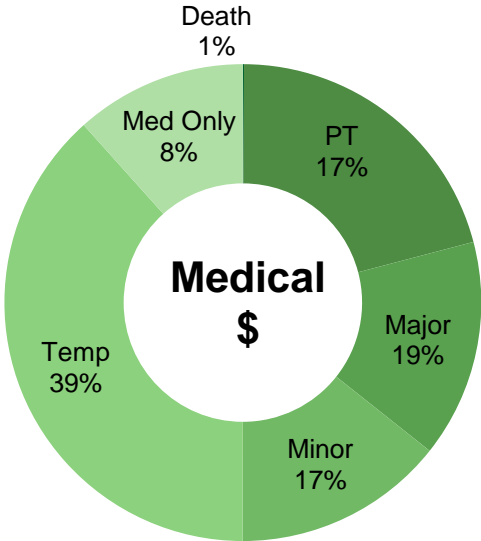
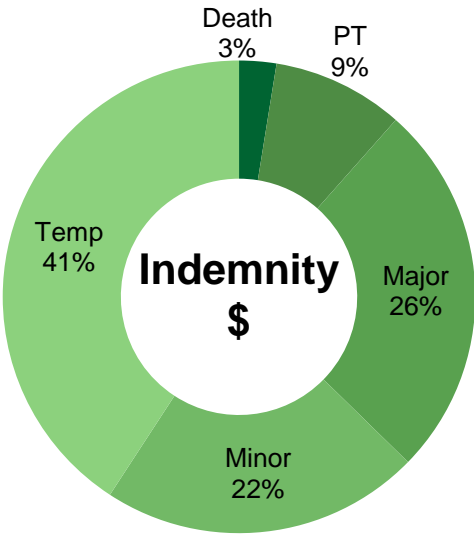
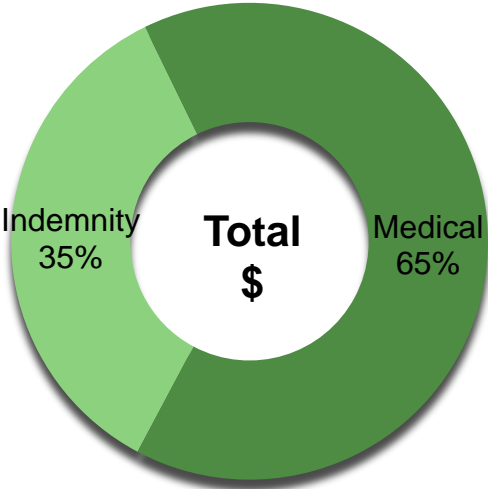
The top 10 classes by premium represent 29% of all premium and 44% of all payroll. The top 10 classes by payroll represent 63% of payroll and 17% of premium. Office, Physician or Dentist and Retail Store, N.O.C. are the only classes included in both categories.

Claim Count & Losses by Classification

These are the top 10 classes by number of lost time claims. They represent 25% of claims and 31% of losses. The average loss varies from \$20,722 for Social Rehabilitation Facility to \$54,153 for Trucking, N.O.C. Five of these classes also are in top the 10 classes by dollars of loss.

	#Claims	\$ Loss	Average \$ Loss (\$)
NURSING AND CONVALESCENT HOME	89	3,559,472	39,994
RESTAURANT, N.O.C.	80	2,563,199	32,040
SOCIAL REHABILITATION FACILITY	78	1,616,331	20,722
GROCERY STORE	73	2,731,771	37,422
OFFICE	73	3,523,414	48,266
PHYSICIAN OR DENTIST	67	2,053,218	30,645
TRUCKING, N.O.C.	63	3,411,625	54,153
RETAIL STORES, N.O.C.	63	2,058,089	32,668
WHOLESALE STORE, N.O.C.	59	1,861,324	31,548
POULTRY, FISH DEALERS/PROCESSORS	56	2,589,462	46,240
ALL OTHER	1,538	79,314,035	51,570

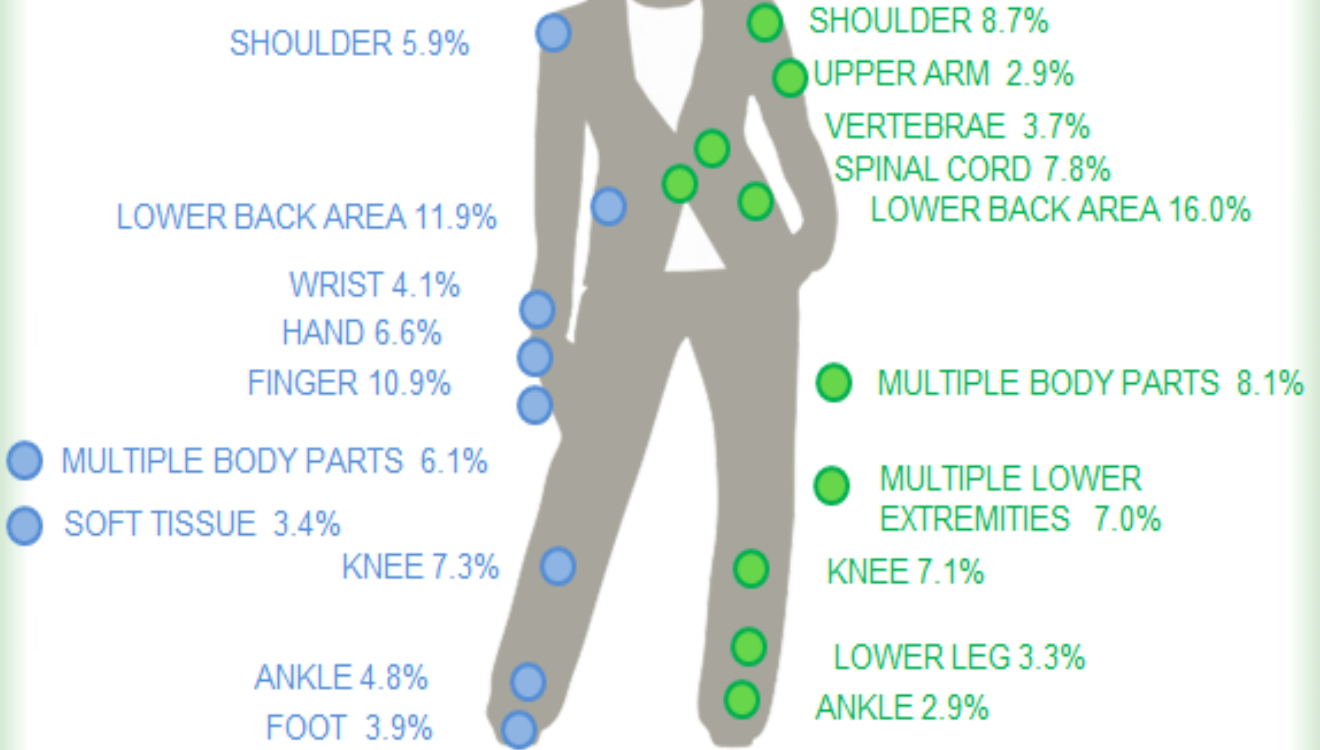
Indemnity and Medical Splits



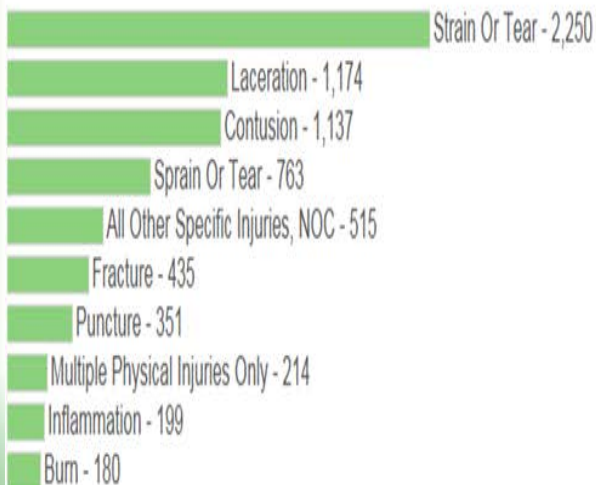
Injury Description Distribution

Top 10 injuries by total claim count

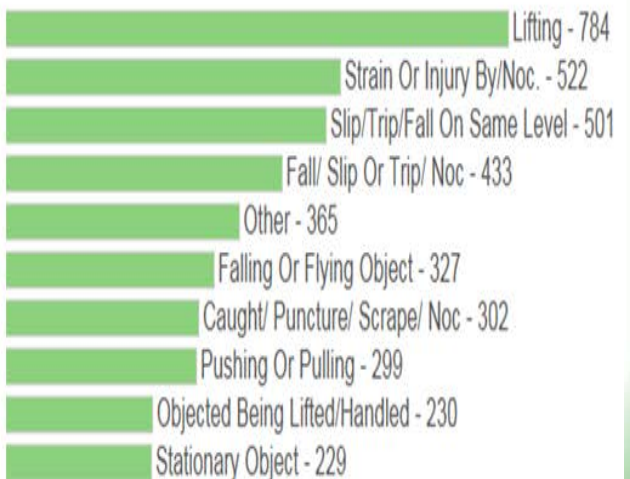
Top 10 injuries by total losses



Nature of Injury

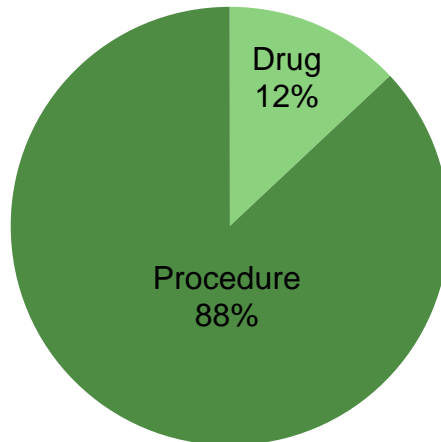


Cause of Injury

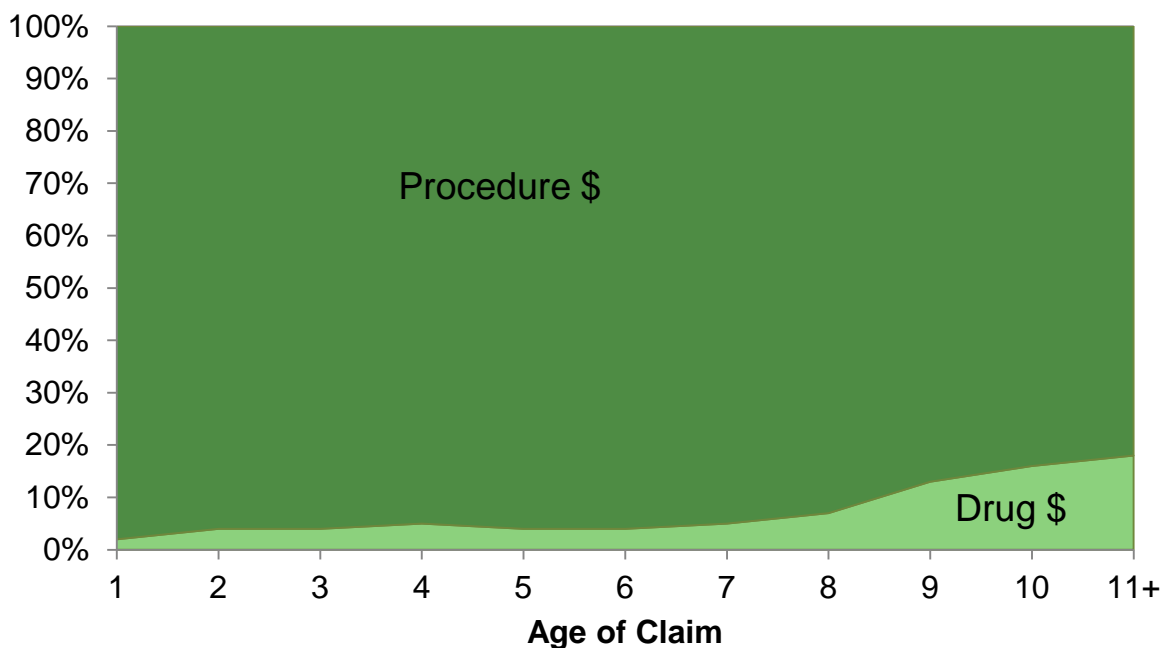


Medical Cost Breakdown

Medical treatment is a primary driver of rising medical costs. Using our Medical Data Call (MDC) data, we observe that, overall, the bulk of medical dollars are attributable to medical procedures. Note that medical expenses are not included in the MDC.

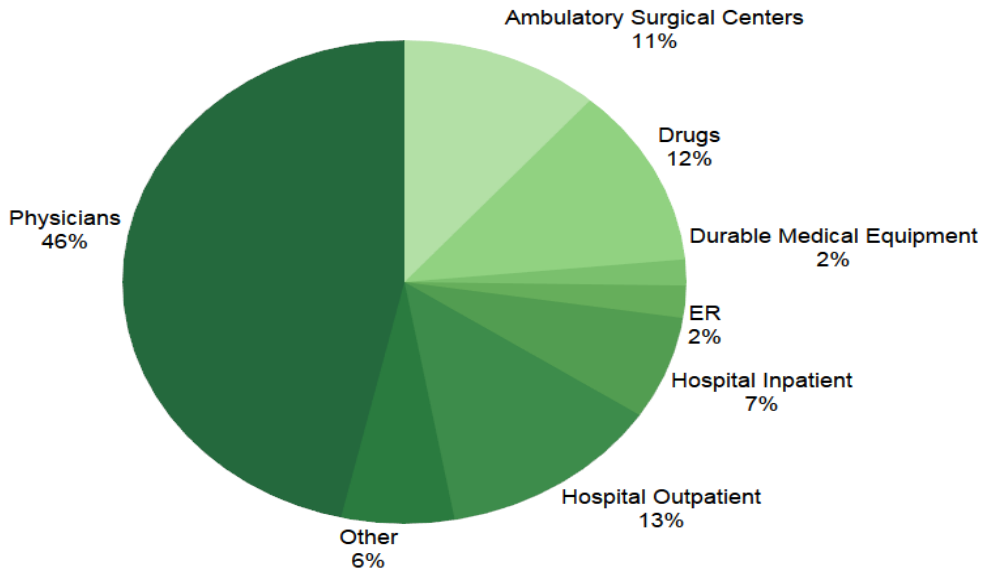


As the claim ages, prescription drug costs increase more rapidly as a share of medical costs.

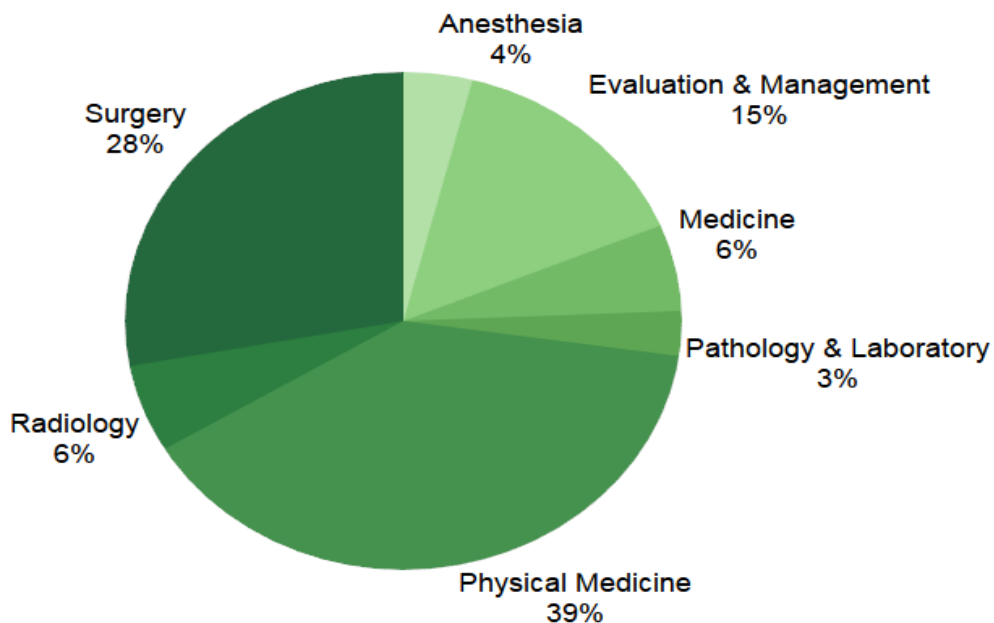


Medical Services Breakdown

Payments to Physicians make up almost half of the dollars paid across all **Medical Service Group** categories.

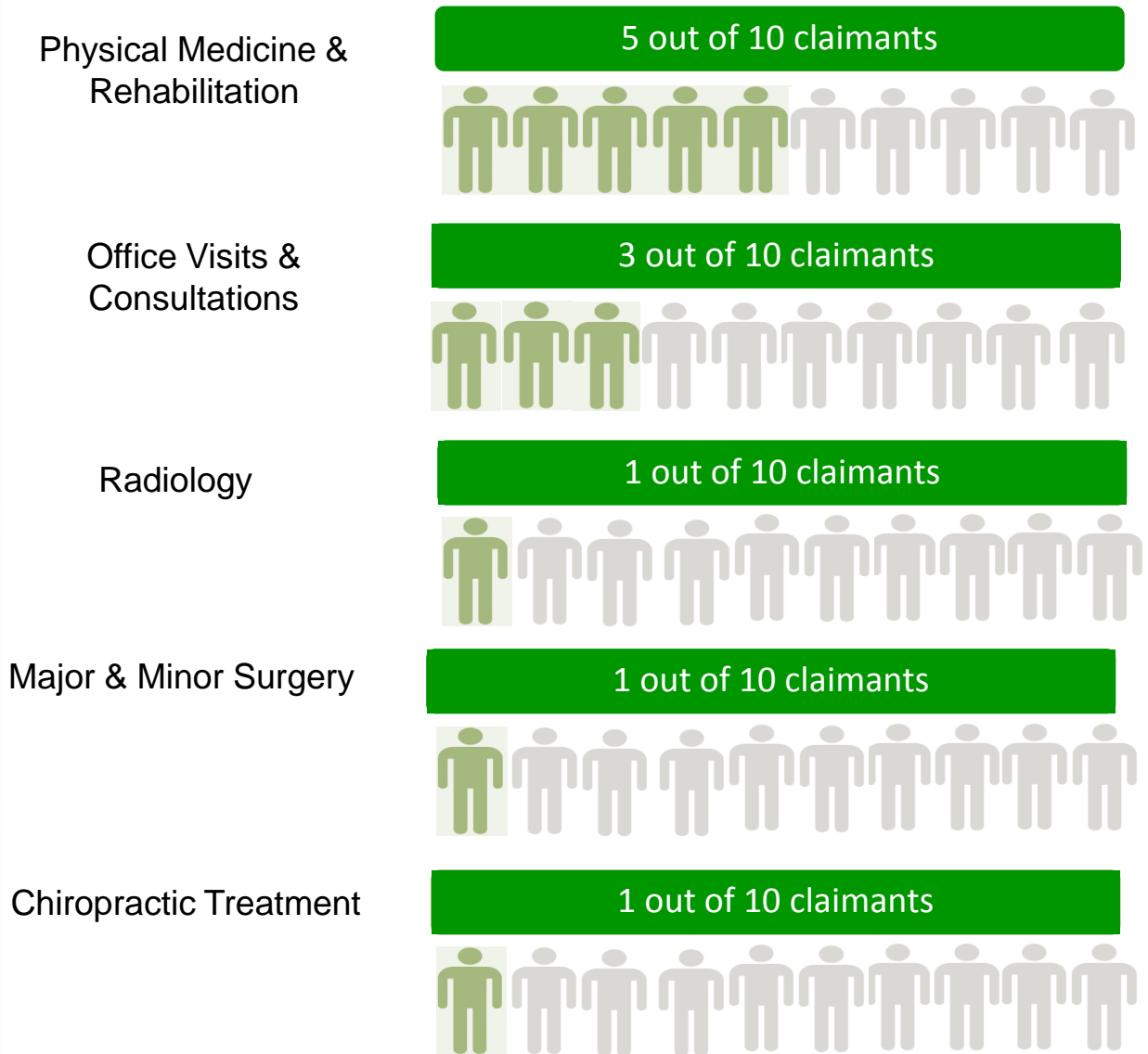


Physical Medicine represents 39% of all professional **Medical Procedures**, followed by Surgical procedures based on paid dollars.



Medical Visits Per Claim

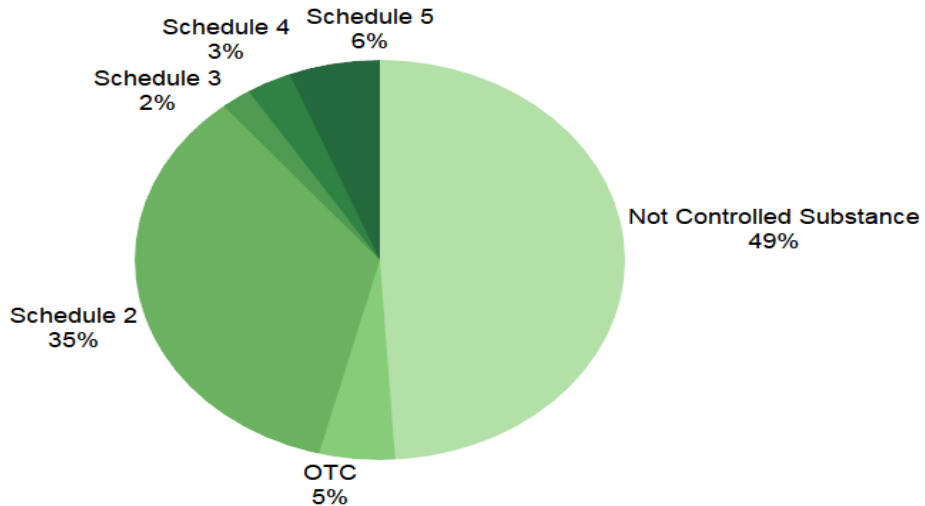
When examining the numbers of actual visits to a health care provider, workers compensation claimants appear to visit physical medicine and rehabilitation providers more frequently than any other health care provider.



Based on over 110,000 professional visits and over 8,500 claims.

Prescription Drugs

The number of drugs prescribed to workers compensation claimants continues to grow. Below is a distribution of these prescription drugs organized by the **Controlled Substance Act Schedule**, which is based on risk of abuse.



Opioids are the most prevalently prescribed drug to workers compensation claimants. Below is a distribution organized by **Therapeutic Classification Category**.



Prescribing Patterns

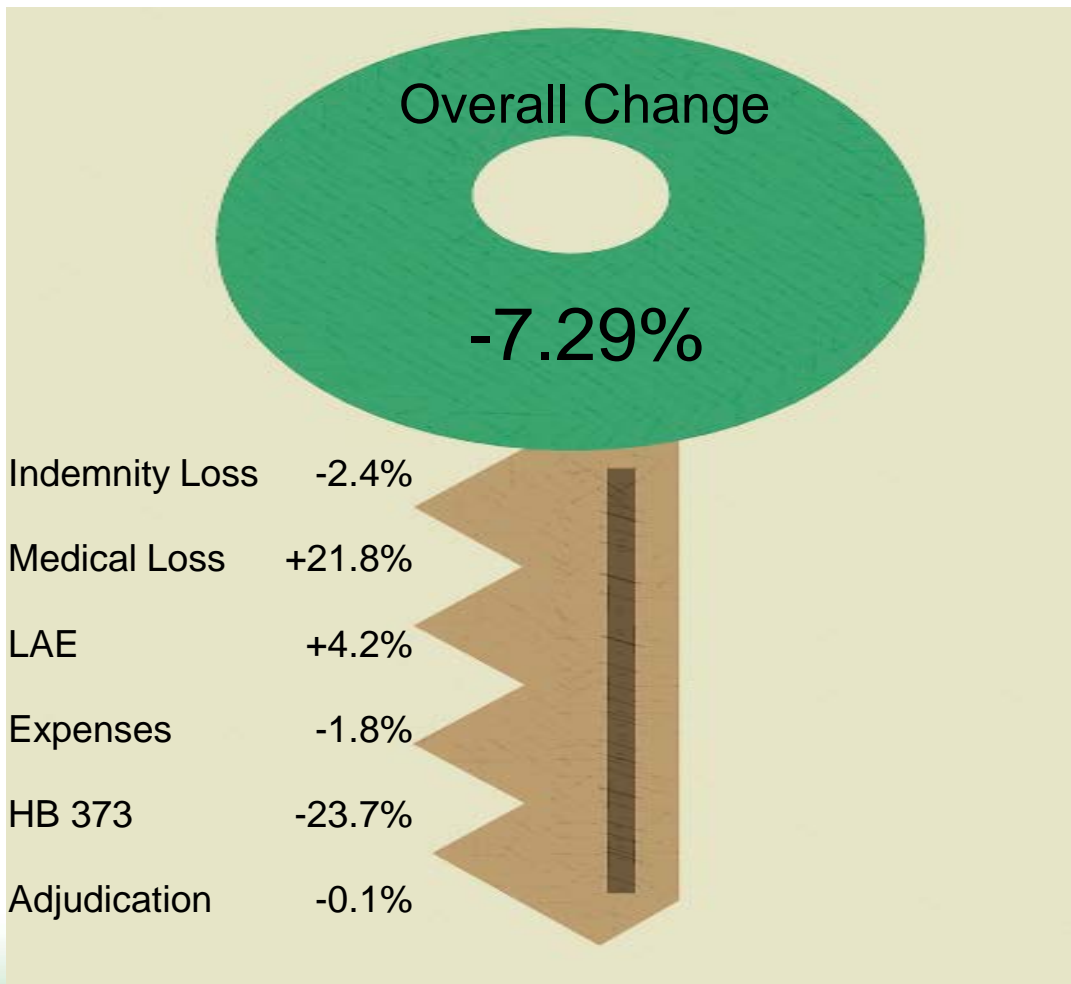
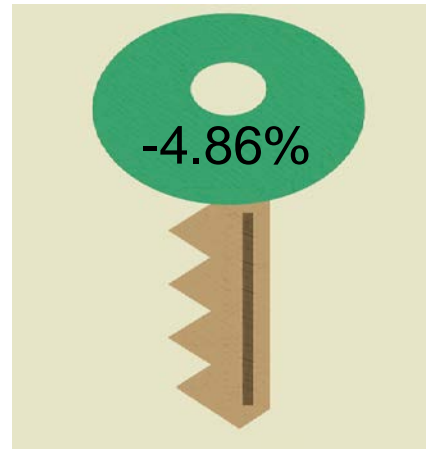
Top 30 Drugs for Service Year 2017

The top drugs based on total amount paid, along with their ranks for earlier service years. These drugs account for more than 73% of total drug costs.

Paid Share Service Year	Drug Name	Brand/Generic Status	Rank By Service Year				
			2017	2016	2015	2014	2013
8.4%	Oxycontin	Brand	1	1	1	1	1
6.1%	Gabapentin	Generic for Neurontin	2	2	2	2	5
6.0%	Lyrica	Brand	3	3	5	5	4
5.8%	Oxycodone HCL	Generic for Oxycontin if extended release	4	4	3	3	7
4.6%	Oxycodone HCL-Acetaminophen	Generic for Percocet	5	5	4	4	8
4.5%	Lidocaine	Generic for Xylocaine	6	8	8	8	35
4.1%	Percocet	Brand	7	6	6	6	6
2.9%	Diclofenac Sodium	Generic for Cambia, Cataflam, Voltaren-XR, etc.	8	38	47	45	45
2.8%	Duloxetine HCL	Generic for Cymbalta	9	9	9	7	115
2.2%	Cyclobenzaprine HCL	Generic for Flexeril	10	10	10	14	17
2.1%	Terocin	Brand	11	7	7	10	53
2.1%	Morphine sulfate	Generic for Avinza, Kadian, Ms Contin	12	11	11	9	16
1.7%	Tizanidine HCL	Generic for Zanaflex	13	13	15	16	15
1.6%	Duragesic	Brand for Fentanyl	14	15	17	12	18
1.6%	Hydromorphone HCL	Generic for Dilaudid, Dilaudid-5, Exalgo	15	12	12	21	37
1.5%	Nucynta	Brand	16	16	20	27	29
1.3%	Topiramate	Generic for Topamax	17	24	23	24	24
1.3%	Flurbiprofen	Generic for Ansaid	18	14	13	32	77
1.2%	Nucynta ER	Brand	19	31	34	38	41
1.2%	Lidopro Patch	Brand	20	17	80	n/a	n/a
1.1%	Meloxicam	Generic for Mobic, Vivlodex	21	18	19	15	14
1.1%	Zofran	Brand	22	26	26	26	28
1.0%	Celecoxib	Generic for Celebrex	23	19	18	115	n/a
1.0%	Ondansetron	Generic for Zofran	24	25	83	103	64
1.0%	Baclofen	Generic for Lioresal, Gablofen	25	22	25	35	65
0.9%	Fentanyl Transdermal System	Generic for Ionsys	26	33	24	17	13
0.9%	Movantik	Brand	27	42	72	n/a	n/a
0.9%	Oxymorphone HCL	Generic for Opana, Opana ER	28	27	29	33	42
0.9%	Suboxone	Brand	29	36	41	39	30
0.8%	Metaxalone	Generic for Skelaxin	30	28	21	25	23

Key Components of 2018 Indication

Tax Cuts and Jobs Act Filing
Residual Market Rates only
Effective June 1, 2018

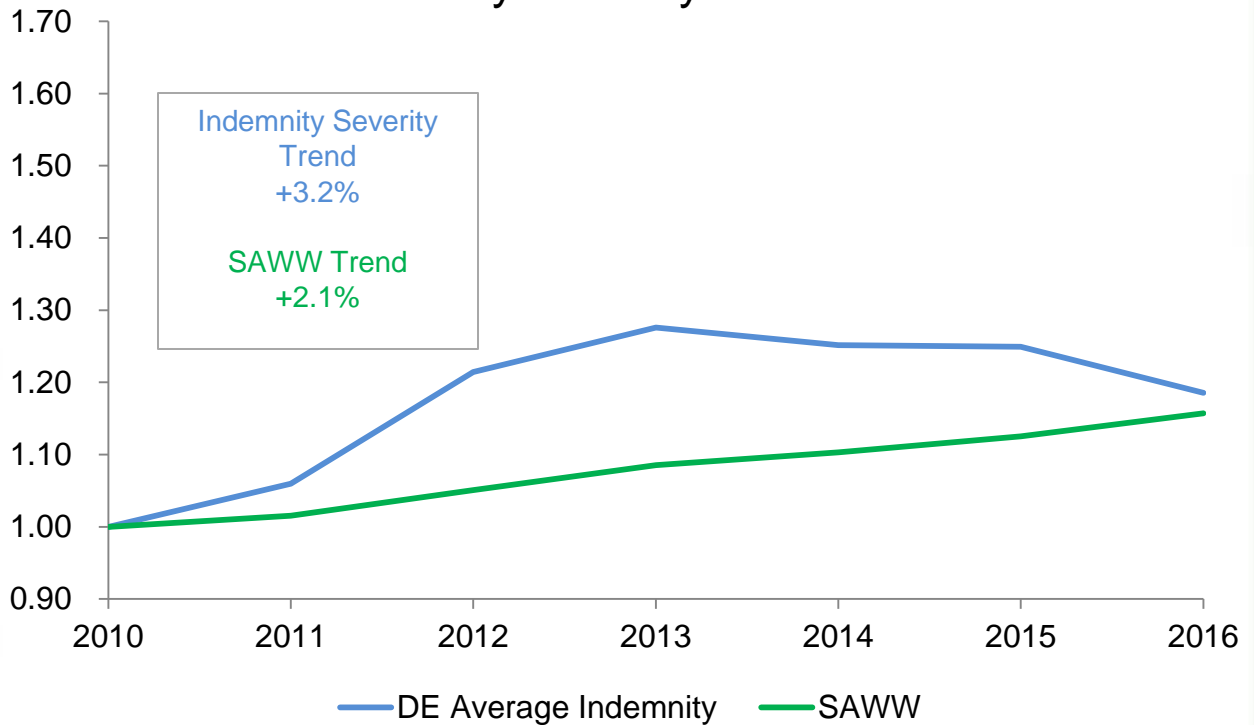


History of Approved Rate Changes

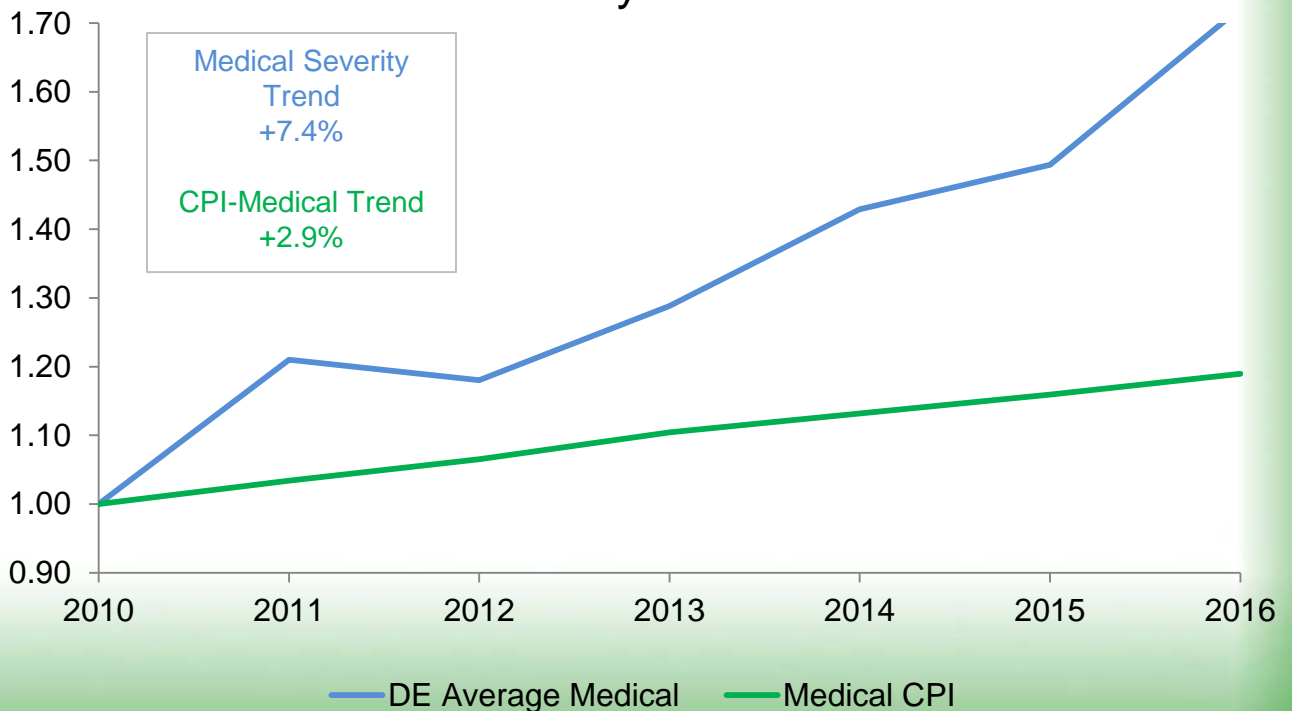
Effective Date	Percent Change from Previous Rates	Cumulative Index from February 1, 1988 Rate Level
February 1, 1988	-----	100.00
August 1, 1994	18.00	118.00
August 1, 1997	11.79	131.91
October 1, 1998	-15.00	112.12
December 1, 1999	0.50	112.68
March 1, 2001	-11.15	100.12
December 1, 2001	28.50	128.65
December 1, 2002	6.67	137.23
December 1, 2003	-7.09	127.50
December 1, 2004	13.53	144.75
December 1, 2005	8.10	156.47
December 1, 2006	2.57	160.49
December 1, 2007	-22.00	125.18
October 1, 2008	-11.57	110.70
December 1, 2008	-9.74	99.92
December 1, 2009	-8.49	91.44
December 1, 2010	-3.75	88.01
December 1, 2011	16.50	102.53
December 1, 2012	19.00	122.01
December 1, 2013	11.40	135.92
December 1, 2014	-9.70	122.74
December 1, 2015	7.09	131.44
December 1, 2016	0.00	131.44
December 1, 2017	-5.73	123.91
June 1, 2018	-4.86	117.89
December 1, 2018	-7.29	109.30

Trends in Average Costs

Indemnity Severity vs. SAWW

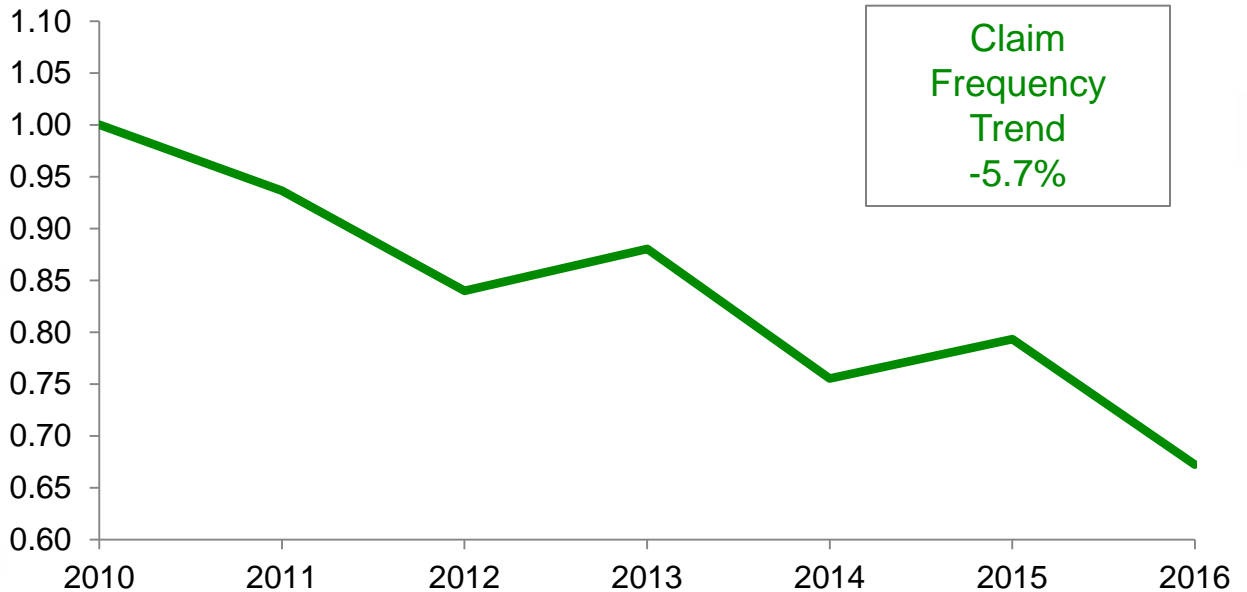


Medical Severity vs. CPI-Medical

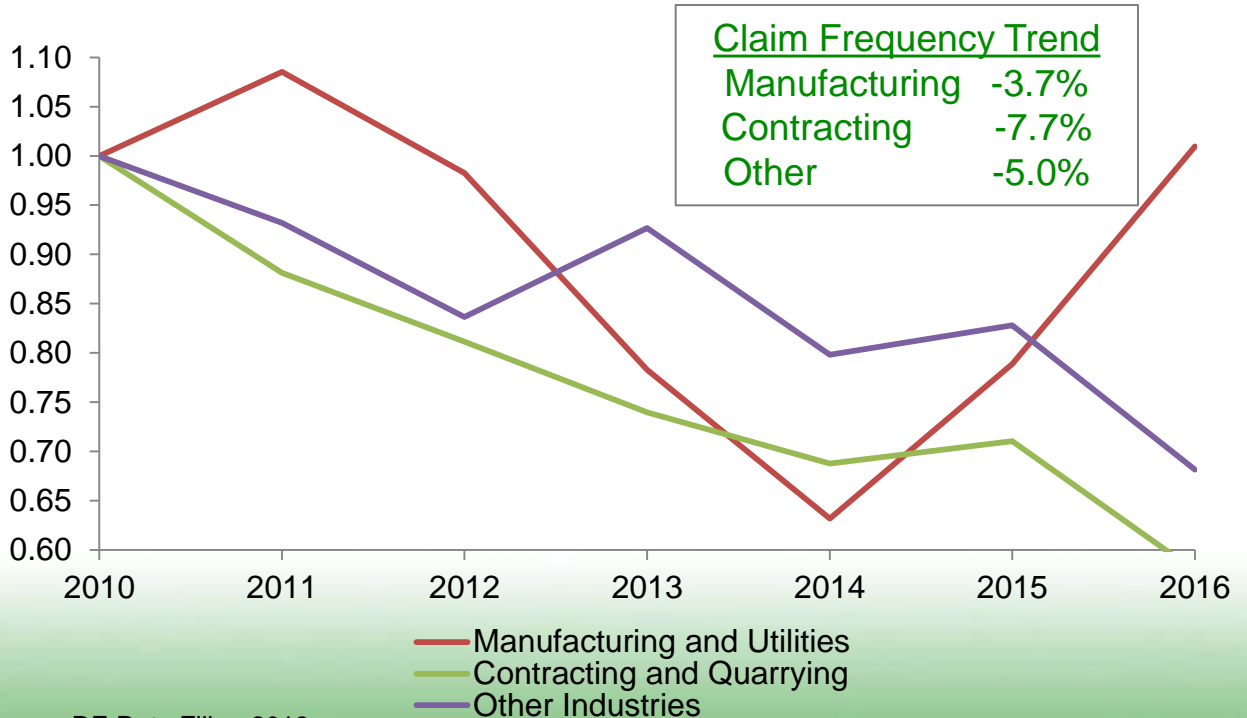


Claim Frequency Trend

Claim Counts Per \$1 million Expected Losses



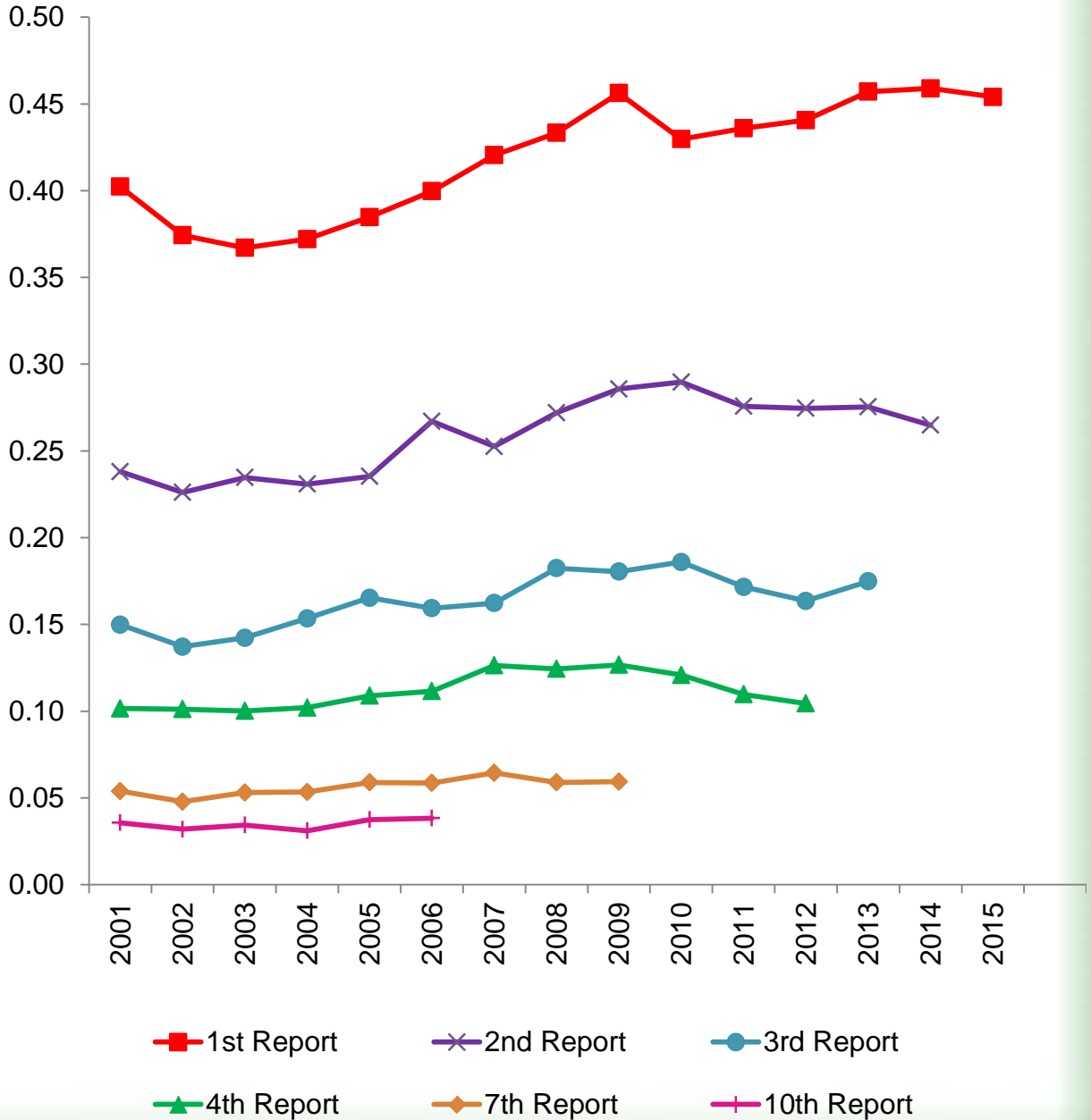
Claim Frequencies Industry Groups



Claim Closure Rates

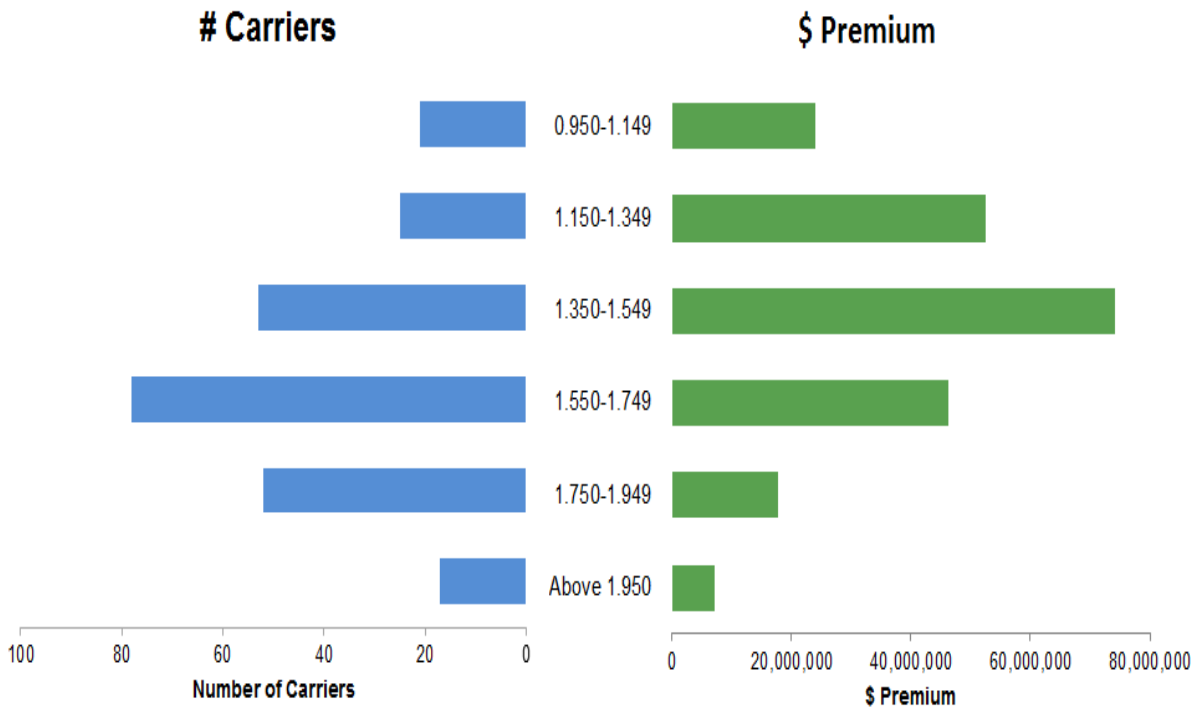
The length of time that claims stay open has grown since 2001.

Claim Settlement Rates Ratio of Open to Reported Indemnity Claims

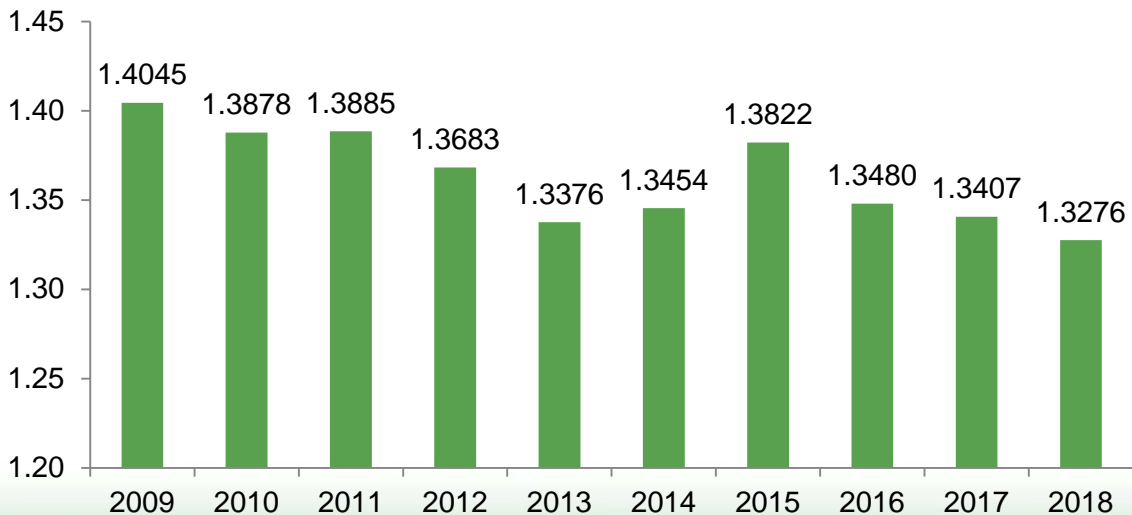


Insurance Carrier Pricing

Loss Cost Multiplier Ranges



Implied Average Loss Cost Multiplier





The DCRB is the licensed rating organization for workers compensation business in the state of Delaware, and has served in that role since 1917. The DCRB is a non-profit, private corporation supported by members comprised of all insurers licensed to underwrite workers compensation insurance in Delaware. The DCRB makes annual rating value filings with the Delaware Insurance Department and, subject to review and approval by the Department of Insurance, the DCRB maintains uniform classification and experience rating plans as well as rules and parameters associated with various other mandatory and optional pricing programs. For more information about the DCRB contact us at:

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