

EXAMINATION REPORT
OF
DELAWARE COMPENSATION RATING BUREAU
AS OF
DECEMBER 31, 2021

TRINIDAD NAVARRO
COMMISSIONER




STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
DELAWARE COMPENSATION RATING BUREAU, INC.
AS OF
DECEMBER 31, 2021

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.



Trinidad Navarro
Insurance Commissioner

Dated this 29 day of March, 2023

TABLE OF CONTENTS

SCOPE OF EXAMINATION..... 1

SUMMARY OF SIGNIFICANT FINDINGS 2

COMPANY HISTORY 2

CORPORATE RECORDS 2

MANAGEMENT AND CONTROL 3

SERVICE CONTRACT 5

ACCOUNTS AND RECORDS 6

FINANCIAL STATEMENTS 7

 STATEMENTS OF FINANCIAL POSITION..... 8

 STATEMENTS OF ACTIVITIES WITHOUT DONOR RESTRICTIONS 9

PLAN OF OPERATION 11

 UNIT STATISTICAL REPORT PROCESSING 11

 CALL SYSTEM 14

 INSPECTIONS AND CLASSIFICATIONS..... 15

 PAYROLL REVIEWS / TEST AUDITS 16

 POLICY REVIEW 18

 INSURANCE DEPARTMENT FILING..... 19

SUBSEQUENT EVENTS 21

CURRENT EXAMINATION RECOMMENDATIONS..... 21

CONCLUSION..... 21

March 1, 2023

Honorable Trinidad Navarro
Commissioner of Insurance
Delaware Department of Insurance
1351 West North Street
Suite 101
Dover, Delaware 19904

Dear Commissioner

In compliance with instructions and pursuant to statutory provisions contained in Examination Certification No. 22.025, dated June 9, 2022, an examination has been made of the affairs, financial condition and management of the

DELAWARE COMPENSATION RATING BUREAU, INC.

hereinafter referred to as the Bureau or DCRB, a domestic non-stock, non-profit corporation. The Bureau's main office is located at 30 South 17th Street, Suite 1500, Philadelphia, PA 19103-4007. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

The last examination was conducted as of December 31, 2016, by the Delaware Department of Insurance (Department). This examination covered the period of January 1, 2017 through December 31, 2021.

The primary focus of this report is the determination of the accuracy of the Bureau's statistical data upon which values for workers' compensation insurance in Delaware are based. The examination, therefore, consisted of a general review and test of the methods employed by the

Bureau in compiling statistical data for submission to the State of Delaware as utilized for seeking rate and lost cost adjustments for its members. The financial aspects of the Bureau's operations are secondary in importance since the Bureau's operations are funded by assessment upon its membership.

This report does not contain an analysis of relativity and credibility factors and other items of an actuarial nature.

The format of this report is designed to explain the procedures employed on the examination and any findings. If necessary, comments and recommendations have been made in those areas in need of correction or improvement. In such cases, these matters were thoroughly discussed with responsible officials during the course of the examination.

SUMMARY OF SIGNIFICANT FINDINGS

The examination has no significant items to report.

COMPANY HISTORY

DCRB is a domestic non-stock, non-profit corporation, operating as a rating bureau to propose classifications, underwriting rules, residual market premium rates, voluntary market loss costs and experience rating and merit rating plans under the Workmen's Compensation Act and the United States Longshoremen's and Harbor Worker's Compensation Act. The DCRB also serves as the Plan Administrator for the Delaware Workers Compensation Insurance Plan.

The Delaware Compensation Rating and Inspection Bureau (as it was initially titled) was organized on December 31, 1917 pursuant to provision of "The Delaware Workmen's Compensation Law of 1917."

CORPORATE RECORDS

The bylaws of the Bureau have not changed since the previous examination.

MANAGEMENT AND CONTROL

The Bureau is controlled by a Governing Board. The Governing Board shall have the general charge of management of the affairs of the Bureau, including the power to adopt and amend the General Rules, and shall be responsible for carrying out the purposes thereof. The Governing Board shall consist of six Bureau members and one Employer Organization Representative. Not more than four Bureau members of the Governing Board at any time shall be domestic company members. The Governing Board Members of each class shall be elected for a term of three years and until their successors are elected and qualified.

The members of the Governing Board as of December 31, 2021 were:

American Home Assurance Company
AmGuard Insurance Company
Donegal Mutual Insurance Company
National Federation of Independent Business
PMA Insurance Company
Travelers Property & Casualty Company
XL Specialty Insurance Company

Standing Committees

The Governing Board shall have the sole power to create and appoint members to any Standing Committee and shall also have the exclusive power to create or approve Subcommittees. The Governing Board shall also determine the powers, duties and numbers of members and qualifications of members of such bodies. Any committee may propose for Governing Board approval for any Subcommittee to assist the assigning body in fulfilling its designated duties. At any given time, no more than one member of the same Insurance Holding Company System shall be a member of the same Committee.

The following Committees were operational as of December 31, 2021:

Classification and Rating Committee

The members of the Classification and Rating Committee as of December 31, 2021 were:

American Home Assurance Company
Hartford Accident & Indemnity Company
Home Builders Association of Delaware
Liberty Mutual Insurance Company
Nationwide Insurance Company
Technology Insurance Company
XL Specialty Insurance Company

The committee consists of seven Bureau members, each serving three-year terms. This committee is responsible for the review and evaluation of the efficacy and equity of the underwriting, classification and rating procedures as embodied in the Delaware Basic Manual (Manual), as well as to administer these rules in its role as the technical committee designed to hear the appeals of parties aggrieved by decisions of the DCRB staff. The Classification and Rating Committee reviews the recommendations of DCRB staff relative to loss cost filings, as well as classification and underwriting rules.

Actuarial Committee

The members of the Actuarial Committee as of December 31, 2021 were:

American Home Assurance Company
Donegal Mutual Insurance Company
Hartford Accident & Indemnity Company
Liberty Mutual Insurance Company
PMA Insurance Company
Travelers Property and Casualty Company

The committee consists of six Bureau members, each serving three-year terms. This committee is responsible for advising the DCRB staff on all matters which might affect recommended residual market rates, voluntary market loss costs and other pricing programs supported or administered by the DCRB. This committee plays an integral part in recommending

pertinent data and anticipated approaches, including loss development and the recognition of future cost trends.

Nominating Committee

The members of the Nominating Committee as of December 31, 2021 were:

American Home Assurance Company
Nationwide Insurance Company
PMA Insurance Company

This committee consists of three Bureau members and prior to each annual meeting of the DCRB, shall propose a slate of candidates selected from the nominations made by all DCRB members for the vacancies on the Governing Board and all its Committees after the Nominating Committee has reviewed a compilation of all nominating ballots received from the members.

Officers

The following officers were elected by the Governing Board as of December 31, 2021:

William Taylor	President
Bonita Piacentino	Senior Vice President & Corporate Secretary
John Panczner	Vice President and Treasurer
Dawn Belfus	Vice President Data Services
Delisa Fairley	Vice President Underwriting Services
Alex Pagan	Vice President Information Technology
Brent Otto	Vice President Actuarial Services & Chief Actuary

SERVICE CONTRACT

Effective January 1, 1918 and amended numerous times with the most recent being November 23, 2015, the Pennsylvania Compensation Rating Bureau (PCRB) and DCRB entered into a service contract whereby the PCRB furnished the DCRB with such services that might be necessary and required by the DCRB in its day-to-day operations. Each Bureau will pay directly expenses attributable only to that Bureau. All shared or joint expenses of the combined Bureaus will be allocated base in part on the workers compensation premiums written by the members of

the PCRB and DCRB. For 2021, the DCRB allocation for PCRB expenses was set at 18.89%, which is based on the average of the work allocation factors for 2016 through 2020. The DCRB reported \$3,106,967 in allocated expenses under this agreement in 2021. Tentative expense reimbursements are made on a quarterly basis. Expense items incurred by the DCRB on its own behalf shall be borne directly by the DCRB and are not considered to be part of this service contract. A reconciliation of the tentative expense reimbursement compared to a finalized exposure amount is made annually.

ACCOUNTS AND RECORDS

The financial affairs of the DCRB are subject to review by an outside auditing firm, Rainer & Company. Rainer & Company independent audit reports were made part of the examination workpapers and certain knowledge from the reports was utilized where deemed appropriate.

In addition to the financial audit performed on the DCRB's operations, a separate review and report was issued by Rainer & Company on the financial statement of the PCRB's Employee Retirement Plan (Plan). The DCRB does not have any of its own employees but reimburses the PCRB for a share of all costs including payroll and benefits. The Plan was amended and restated in its entirety effective January 1, 2019 and is a defined benefit, noncontributory plan that covers all employees of the PCRB who were first hired or rehired prior to January 1, 2014. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974.

The DCRB pays a portion of the contributions to the Plan through the Service Contract with the PCRB. The PCRB allocated employee retirement expenses to the DCRB in the same manner as all other PCRB expenses.

FINANCIAL STATEMENTS

The following financial statements reflect the Bureau's audited financial result:

- Statements of Financial Position as of December 31, 2021
- Statements of Activities Without Donor Restrictions for the year ended December 31, 2021

Statements of Financial Position
As of December 31, 2021

<u>Assets</u>		Notes
Cash and Cash Equivalents	\$ 63,513	
Accounts Receivable	136,339	
Assessments Due from Members	240,577	
Total Current Assets	440,429	
Investment in CDX, LLC	40,030	1
Total Assets	\$ 480,459	
<u>Liabilities</u>		
Accounts Payable	\$ 128,446	
Due to PCRB	311,983	
Total Current Liabilities	440,429	
Other Liabilities	130	
Total Liabilities	440,559	
Net Assets Without Donor Restrictions	39,900	
Total Liabilities and Net Assets	\$ 480,459	

Statements of Activities Without Donor Restrictions
For the Year Ended December 31, 2021

Revenues Without Donor Restrictions:		Notes
Assessments	\$ 3,470,577	
Assessments - Fines	35,284	
Membership Fees	92,500	
Printing and Special Services	32,475	
Interest and Other	10	
Total Revenues Without Donor Restrictions	\$ 3,630,846	
Operating Expenses Without Donor Restrictions:		
Program Services:		
Rate Payer Advocate - Actuarial	30,804	
Rate Payer Advocate	7,865	
Total Program Services	\$ 38,669	
Supporting Services:		
Legal	55,556	
Consultant	23,190	
Delaware Insurance Plan Expense	3,974	
Benchmarking Study Reference	195,000	2
Miscellaneous	5,544	
Total Supporting Services	\$ 283,264	
Total Operating Expenses	\$ 321,933	
Other Expenses Without Donor Restrictions:		
Allocation of Expenses to DCRB from PCRB	3,106,967	
Technology Fund Contribution - PCRB	194,015	3
Total Other Expenses	\$ 3,300,982	
Total Expenses Without Donor Restrictions	\$ 3,622,915	
Change in Net Assets Without Donor Restrictions	7,931	
Net Assets Without Donor Restrictions - Beginning	31,969	
Net Assets Without Donor Restrictions - Ending	\$ 39,900	

Note 1 – Investment in CDX, LLC \$40,030

DCRB has an investment in Compensation Data Exchange, LLC (CDX, LLC) a Minnesota Limited Liability Company. CDX, LLC is an internet-based services company that facilitates the electronic transmission of workers' compensation data between member insurers and data collection organizations in participating states. The investment is valued using the cost method of accounting since DCRB only has a 5.6% membership interest. Cost was not impaired as of December 31, 2021.

Note 2 – Benchmarking Study Reference \$195,000

The DCRB participated in a Workers Compensation Research Institute (WCRI) annual Benchmarking Study in 2021. This study is considered independent complementary analysis not utilized in the ratemaking process. The purpose of the study is to provide an evaluation of the Delaware workers' compensation system, including interstate comparisons, that will be utilized to focus on ways to improve the overall system. The DCRB is considered the sponsor organization of the report that is provided and the cost is reflected within the DCRB's assessment process.

Note 3 – Technology Fund Contribution \$194,015

The Technology Fund is a long standing "internal savings fund" where budgetary surplus or determined costs are typically kept. Upon establishment, this fund was intended to fund anticipated large future expenditures. Throughout its existence, it has been utilized to fund expenditures such as facilities issues, pension funding deficiencies and most recently the System Reengineering Project (SRP). The Bureau considered the fund a fair approach and all Carriers members made contributions to the Technology Fund, independent of general assessment of expense allocations.

PLAN OF OPERATION

The examination focused on six major functions of the DCRB's operations. In this report these were classified as follows: Unit Statistical Report Processing, Call System, Inspections & Classifications, Payroll Reviews / Test Audits, Policy Review and Insurance Department Filings. Each of these functions is briefly described below under the related caption.

Unit Statistical Report Processing

Insurance companies (also referred to as Carriers) are required to report premiums earned and losses incurred on all policies using a Unit Statistical Report (USR) form. Twenty months subsequent to the effective date of each policy, a first USR is required to be submitted. This initial report shall contain policy premium data, including payroll exposure and manual rates by classification codes, premium experience modifications and premium discounts, if applicable. The report shall also indicate the Carrier's total amount of paid and outstanding losses for that policy broken down by claim number. Other loss information to be supplied includes: the date of the claim, the classification code, the kind of injury and the type of payment. The claim reserves and loss payments shall be valued as of eighteen months after the effective date of such policy.

Annually thereafter, additional USRs are filed with the DCRB during the second through tenth years, if necessary, to reflect the updated status of outstanding claims only. Corrections to filed USRs are to be made utilizing specified procedures. As a supplement to the USRs, Individual Case Reports are required to be filed for all death claims and all permanent total claims.

In interviews with DCRB management and staff, it was noted that the DCRB introduced a new Unit Statistical Report Data Manager (UDM) in 2018. With the introduction of the UDM, it was formally established that all USRs must be submitted electronically. Additionally, USR edits have been vastly expanded and are performed in real-time in UDM. An edit matrix can be found

on the DCRB website, which lists the edits performed as well as whether they are critical or priority errors. For critical errors, the USR will be rejected and Carriers fined. UDM creates the functionality needed for Carriers to correct, validate and resubmit the incorrect data within UDM. This serves the ultimate goal of having the data be accepted with no errors and thus making it readily available for ratemaking and rating purposes. Finally, UDM provides access to validation results (criticism letters) in various formats and allows for Carriers to manage these results via UDM.

As part of the USR, medical data is collected. The DCRB Governing Board authorized the DCRB to begin collecting detailed medical data during its July 30, 2008 meeting. During this period, medical losses represented over 62.00% of loss costs in Delaware. The DCRB Governing Board acknowledged the potential importance and utility of detailed medical data for its members and recognized that:

- Medical detail data could enhance the DCRB's ability to explain filings.
- Medical cost containment issues are potentially important public policy matters such as:
 - Fee Schedules – i.e.: relationships to Medicare, overall richness of reimbursements;
 - Charge Master System;
 - Treatment Protocols.
- Medical detail data would be imperative for DCRB to be able to opine with authority on a variety of possible proposals to change the payment system for workers' compensation in Delaware.
- The ability to compare data with other jurisdictions will emerge with the collection of this data elsewhere.

The medical data call format relies primarily upon the standard established by the National Council on Compensation Insurance, Inc. (NCCI) Medical Data Call, which is shared with all independent bureaus and the Workers Compensation Insurance Organizations (WCIO). The DCRB collects, summarized and analyzed this information independently of the NCCI.

The DCRB introduced the Medical Data Manger (MDM) in 2020, which is an updated version of the existing application utilized for submission tracking and data quality management of the Medical Data Call information. Medical data requirements did not change with the introduction of MDM, but rather, the procedures for processing medical data was changed. These procedures are consistent with existing reporting rules and support the objective of processing medical data without any manual intervention.

In addition to medical data, the DCRB began collecting indemnity data on a transactional and quarterly basis based on authorization given by the DCRB Governing Board on April 25, 2018. The Governing Board recognized the potential importance and utility of detailed indemnity data, and recognized the following points:

- Indemnity data would assist and augment the DCRB's ability to respond to legislative pricing. The DCRB would be able to opine with greater authority on a variety of possible proposals to change the payment system for workers compensation in Delaware.
- Indemnity data could enhance the DCRB's ability to explain filings and better understand cost drivers.
- The ability to compare data with other jurisdictions will emerge with the common collection of this data elsewhere.

The indemnity data call format relies primarily on the standard established by the NCCI Indemnity Data Call, which is shared with all independent bureaus and the WCIO. The DCRB collects, summarized and analyzed this information independently of the NCCI. In interviews with DCRB management and staff, it was noted that this data call is still in the beginning stages and there is not enough data to publish any results as of yet.

Call System

The DCRB collects detailed policy, statistical and aggregate financial information from each of its Carrier Members. This data is edited for validity, completeness and reasonableness and then summarized. The summarized data is used to make filings and reports to the Department.

Annually, the DCRB request its members to submit detailed premium and loss data. These request for summary financial information are referred to as “Calls”. In January 2022, the DCRB requested data as of December 31, 2021 to be received in March or April 2022. All Call submissions are filed electronically. A response is expected from every member even if their company has no workers’ compensation activity during the year in question. The data submitted is reviewed by the DCRB staff for completeness and accuracy and is reconciled to the Carrier’s Annual Statement Page 14 – “Statutory Page”, which is required to be filed along with the supporting information. A final review is made to determine all schedules and supporting schedules agree and reconcile.

The DCRB will note any “Failed Edits” and submit them to the applicable company for explanation and/ or correction. If the DCRB does not obtain adequate explanation by the time the report is due to the Department, two types of adjustments can be made. One is that the Carrier Member’s statistics can be deleted from the summary (used in preparing Department filing) or the DCRB could reclassify based on prior periods or other presentations in the Call.

The examination reviewed the Call submissions for nine selected Carriers. All underwent thorough reviews with various Failed Edits. All sampled Carriers submitted (or eventually submitted many times, there are often multiple submissions and the DCRB uses the most recent or corrected submission with no edit failures) information that was acceptable at the time of the next Department filing. The examiners verified Failed Edit checks noting no edit failures for the final/ corrected submissions for selected Carriers.

In regard to Call Summary Data, the examiners reconciled Call Summary Data to the Statutory Page 14 data for selected Carriers without error.

In interviews with DCRB management and staff, it was noted that in 2021 the DCRB introduced a new Financial Data Manager (FDM). The FDM provides the same functionality as the previous system, but provides a new technology layer that changes the look and feel of the application, improves the user interface and presents more options to access data. One of the highlights noted is that the FDM allows for users to now respond to edits via the application as well as filter and organize edits. Additionally, FDM creates a messaging system between the Bureau and the Carriers which allows for Carriers to directly respond to edits and provide explanations to the Bureau.

Inspections and Classifications

The objective of the classification system is to group insured into classifications so that the rate for each classification reflects the exposures common to that distinct business enterprise. Subject to certain expectations, it is the business of the insured within Delaware that is classified, not the separate employments, occupations or operations within the business. In that regard, a series of employment classification codes with descriptive work activities have been established by the Bureau. These class code assignments are continuously studied by the Bureau's staff and

are periodically reviewed as deemed appropriate. When changes are needed, they are subsequently filed with and approved by the Department.

The rates for the classifications are divided into two types. Those classifications that have sufficient Delaware payroll are called “Reviewed” classifications. For those classifications that do not have enough experience to be credible in an actuarial sense, the DCRB includes other available data to establish rates. These classifications are referred to as “Non-Reviewed”.

Since an insured’s workers’ compensation premium is usually determined by multiplying payroll times the rate for a particular classification, appeals and inquiries about correct classifications are frequent. The DCRB endeavors to resolve disputes through internal study and by performing field inspections. The inspectors sometimes visit the location of the risk to obtain information concerning the insured, though much of this work is now done through correspondence and/or file review. The primary objective of the inspection process is to obtain operational information, which is used for review by a DCRB classification analyst, to establish that the particular insured has been properly rated and classified.

The examination tested the inspection process through a random sample review of inspection surveys. Inspection procedures appear to achieve the stated objectives. DCRB staff members are assigned to give final decision on all assigned classifications, based upon the inspection report. The DCRB performed 447 field inspection surveys from 2017-2021.

Payroll Reviews / Test Audits

In an effort to ensure the accuracy of the USRs and the database, the Bureau adopted a Test Audit Program to verify Carrier audit premium computations. The Test Audit Program was originally effective May 1, 1982, most recently revised July 1, 2018 and has the following purposes:

- To monitor the accuracy and consistency of DCRB's member carriers' premium audits, verifying that the classifications (including governing classifications, standard exceptions and classification of individuals, partners and officers), rating values, experience modifications and related rules applied on audit are correct.
- To assure that statistical data reported to the DCRB is consistent with the business operations of insured risks and all provisions of the Manual of Rules, Classifications and Rating Values.
- To serve as an educational resource for member carriers in matters related to the discipline of premium audit.
- To establish quantitative standards of performance for auditing and reporting of data to the DCRB.
- To maintain incentives for member carriers to meet or exceed established quantitative performance standards.

In a test audit, insured's above a certain premium value (\$2,500) are selected at random and the Bureau's auditor visits the insured's site. The Bureau's audit team reviews the insured's payroll records, develops actual payroll and notes the corresponding audit premium debit or credit. The Bureau's results are compared to the Carrier's audit. Material errors are brought to the Carrier's attention. If the Carrier overcharged the insured, the Carrier is obligated to refund the excess. In the event that the Bureau's test audit developed additional premium within the reviewed policy period, the Carrier is advised that the additional premium may not be billed.

If the Carrier's reportable differences expressed as a percentage of total tested audits completed is below 20 percent, the Carrier has met the program standards. If the Carrier's reportable difference percentage is equal to or greater than 20 percent, based upon having 25 or

more test audits completed in any four consecutive calendar quarters, the Carrier shall have exceeded the standards and will be subject to the payment of an incentive charge, which is determined on a graduated scale based on the extent of the percentage difference.

The examination obtained a universe of Test Audits performed by the DCRB from 2017 to 2021. During that period, the Bureau performed 1106 Test Audit Reviews. A sample was selected and demonstrated that documentation provided appears to be well maintained, thorough and addresses the Test Audit Program procedures. All items selected contained no major issues and there was adequate documentation to support the DCRB's conclusions. It was further noted that in conjunction with test audit reviews, the DCRB will also review claims data related to the selected policy as deemed necessary.

The examination reviewed the Bureau's summary reports that evaluate the performance of each carrier group. To achieve sufficient credible data, the summary reports combine the Test Audit Review data for the DCRB and PCRB. The examination noted that the combined DCRB-PCR staff performed between 1,800 - 3,500 Payroll Audit Reviews annually. The examination reviewed the results for the nine carrier groups tested in the Call System Review. No exceptions were noted.

Policy Review

An exact copy of every workers' compensation policy showing the State of Delaware on the information page is required to be electronically filed with the DCRB within 30 days after the effective date of the policy. Similarly, an exact copy of all endorsements or agreements attached to the policy at its inception date or issued subsequent thereto must be filed with the DCRB within 30 days after the date of issue of said endorsement or agreement. The Bureau verifies that policies were issued on approved forms and are in compliance with its underwriting rules. Policy data,

including rates, classification codes, and experience modification factors are checked for accuracy through a computer validation program.

Once a file has been established for an employer/insured, this file remains open indefinitely to track workers compensation coverage and experience. The DCRB will contact an insured if no renewal notification is received within 60 to 90 days of the lapse of the prior policy.

The examination judgmentally selected a sample of businesses. These businesses were traced to the Bureau's database to determine if current insurance coverage was on file. It was noted that it is the responsibility of the Delaware Department of Labor to enforce the law that employers must carry and maintain workers' compensation insurance. The DCRB notifies the Department of Labor of a lapse in coverage when, upon renewal, the Bureau cannot verify coverage on an employer.

Insurance Department Filing

The examiner reviewed the filings made with the Department for the years 2017-2021. For the residual and assigned risk market, the DCRB calculates and files the final rates charged by the carriers. For the voluntary market, the Bureau files loss costs. Thereafter, each Carrier makes separate expense filings with the Department, which establishes a modifier to be used with the Bureau's approved loss costs in order to determine the final rate per classification. These expense and profit values are also known as the loss cost modifier. The filing for 2021 was reviewed in detail and was accompanied by interviews with the Bureau President and Chief Actuary.

The examiner noted that the transparency of the Bureau's operations is readily evident in its annual filings. A wealth of information is provided by the Bureau and is readily available on its website. The Bureau discloses the formulae and loss development factors used in the rate and

loss cost compilations and also provides pertinent information as per the workers' compensation experience for various industry groups.

The following approvals were noted during the examination period:

- Effective December 1, 2021, consistent with discussion held between representatives of the Department, the Ratepayer Advocate and the DCRB, an amended filing resulting in a decrease of 20.01% for the residual market and a decrease of 21.02% for the voluntary market were approved.
- Effective December 1, 2020, consistent with discussion held between representatives of the Department, the Ratepayer Advocate and the DCRB, an amended filing resulting in a decrease of 8.80% for the residual market and a decrease of 11.56% for the voluntary market were approved.
- Effective December 1, 2019, the DCRB filing proposed decrease of 12.75% for the residual market and decrease of 13.29% for the voluntary market were approved.
- Effective December 1, 2018, consistent with discussion held between representatives of the Department, the Ratepayer Advocate and the DCRB, an amended filing resulting in a decrease of 7.29% for the residual market and a decrease of 10.00% for the voluntary market were approved.
- Effective June 1, 2018, based on changes to Federal tax law under the Tax Cuts and Jobs Act of 2017, an interim filing resulting in a decrease of 4.86% for the residual market was approved.
- Effective December 1, 2017, consistent with discussion held between representatives of the Department, the Ratepayer Advocate and the DCRB, an amended filing resulting

in a decrease of 5.73% for the residual market and a decrease of 3.00% for the voluntary market were approved.

SUBSEQUENT EVENTS

The examination has no material subsequent events that would significantly impact the operations of the Bureau.

CURRENT EXAMINATION RECOMMENDATIONS

The current examination has made no recommendations.

CONCLUSION

As stated in the Scope of Examination section of this report, the primary focus of this examination was a determination of the accuracy of the Bureau's statistical data upon which premium rates for Workers' Compensation Insurance in the State of Delaware are based. The examination found no exceptions in this area. The Bureau is properly performing the functions as provided by its bylaws.

Respectfully submitted,

Nicholas R. O'Dell

Nicholas R. O'Dell, CPA
Examiner-In-Charge
State of Delaware

Anthony Cardone

Anthony Cardone, CFE
Supervising Examiner
State of Delaware

I, Nicholas R. O'Dell, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to Examination Certification No. 22.025.

Nicholas R. O'Dell
Nicholas R. O'Dell, CPA