

Delaware Compensation Rating Bureau, Inc.



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BUREAU CIRCULAR NO. 760

To All Members of the Bureau:

**Re: REVISIONS TO WORKERS COMPENSATION MANUAL
EXPERIENCE RATING PLAN (SECTION 6), MERIT RATING PLAN (SECTION 7)
AND STATISTICAL PLAN MANUAL – BUREAU FILING NO. 0202
EFFECTIVE ON VARIOUS DATES AS INDICATED**

The Delaware Compensation Rating Bureau, Inc. has filed and the Insurance Commissioner has approved revisions to the Workers Compensation and Statistical Plan Manuals to become **effective on various dates as indicated** with respect to new and renewal policies only.

EXPERIENCE RATING AND MERIT RATING PLANS (Sections 6 and 7 of the Manual)

Revision of Losses

The approved Delaware Experience Rating and Merit Rating Plans allow for revision to a rating due to clerical error, non-compensable claims and third-party recovery. While the request to adjust the affected rating must be made within 24 months of the policy period, the Delaware Insurance Commissioner approved a filing effective December 1, 1999 to extend the allowable adjustment period to 48 months for third-party subrogation. In order to maintain equity in the Plans, the timeframe has been extended to 48 months for clerical errors and non-compensable claims as well.

The following are Manual language revisions **effective December 1, 2002** with new wording underlined and deleted wording bracketed:

SECTION 6

Experience Rating Plan

SECTION V

TABULATION OF EXPERIENCE

7. **Revision of Losses.** It shall..... modification applied.
If a case [involving subrogation] is expected to be open longer than 24 months [after the expiration of any period(s) to which the experience rating applied], upon written application, properly filed with the Bureau by the insured, a further extension of 24 months may be granted, provided such request is made within 24 months of the expiration of the period to which the experience modification applied. Such application shall give notice to the Bureau that [a third-party subrogation claim is still open, pending judicial decision]one of the allowable conditions (see above) for loss revision is still pending a final decision. In this event, the Bureau's files for the risk involved will be preserved [for a period of 24 additional months].

Note: For purposes..... his claim.

SECTION 7

Merit Rating Plan

SECTION V TABULATION OF EXPERIENCE

6. **Revision of Losses.** It shall not..... however, that
a) through c) remain unchanged
It shall be permissible..... rating applied.
If a case [involving subrogation] is expected to be open longer than 24 months [after the expiration of
any period(s) to which the merit rating applied], upon written application, properly filed with the Bureau
by the insured, a further extension of 24 months may be granted, provided such request is made
within 24 months of the expiration of the period to which the merit rating applied. Such application
shall give notice to the Bureau that [a third party subrogation claim is still open, pending judicial
decision]one of the allowable conditions (see above) for loss revision is still pending a final decision.
In this event, the Bureau's files for the risk involved will be preserved [for a period of 24 additional
months].
NOTE: For purposes..... his claim.

Catastrophe Code No. 48

In order to maintain consistency with other jurisdictions that have implemented procedures for the treatment of claim and loss data emanating from the terrorists acts of September 11, 2001, revisions to the Experience Rating and Merit Rating Plans have been approved **effective retroactively to January 1, 2002.**

The following are the Manual language revisions with new wording underlined and deleted wording bracketed:

SECTION 6

Experience Rating Plan

SECTION V TABULATION OF EXPERIENCE

4. **Losses.** Incurred losses shall be tabulated by policy years in the manner indicated below:
- (a) Losses as reported (indemnity, medical and total) shall be shown for each policy year.
Losses incurred shall be on a gross basis, before the application of the deductible when such coverage is provided.
 - (b) Losses which are subject to average or limiting values, as provided in Rule 5 of this Section, shall be listed individually, showing the total cost of each case as reported and as used for rating purposes. Multiple injury accidents shall be identified in the appropriate column of the rating form.

Exception: All claims reported with Catastrophe Code No. 48 shall be excluded from experience rating calculations. Refer to Delaware Workers Compensation Statistical Plan Manual, Section 2, C. 11. for definition of losses included under Catastrophe Code No. 48.

7. **Revision of Losses.** It shall not be permissible to revise values because of department or judicial decision or because of developments in the nature of injury between two valuation dates. Provided, however, that:
(d) where a claim should have been reported with Catastrophe Code No. 48.

SECTION 7

Merit Rating Plan

SECTION II – DEFINITIONS

5. **Compensable Employee Lost-Time Injury.** The term..... benefit payments.
All claims reported with Catastrophe Code No. 48 shall be excluded from merit rating calculations.

SECTION V

TABULATION OF EXPERIENCE

4. **Losses.** Incurred losses..... following information:
- Policy number
 - Policy effective date
 - Claim number or number of claims
 - Indemnity loss amount
 - Date of loss
- All claims reported with Catastrophe Code No. 48 shall be excluded from merit rating calculations.
6. **Revision of Losses.** It shall not..... however, that
- a) through c) remain unchanged
 - d) where a claim should have been reported with Catastrophe Code No. 48

STATISTICAL PLAN

Changes are being implemented that affect the reporting of claims data emanating from the terrorists acts of September 11, 2001 **effective retroactively to September 11, 2001.**

The following are the Manual language revisions with new wording underlined and deleted wording bracketed:

SECTION II

REPORTING REQUIREMENTS

C. Loss Information

2. Claim Number

- c. At the option of Section 3, Item C. 3.

NOTE: If claims otherwise eligible for the claim grouping option contained Catastrophe Code No. 48, these claims must be grouped separately with "48" reported in the Catastrophe Number field. Refer to Section II, C. 11. for definition of losses included under Catastrophe Code No. 48.

11. Catastrophe Number (Cat. No.)

Any accident resulting..... for each policy.

EXCEPTION: Report Catastrophe Code No. 48 for all claims directly arising from the commercial airline hijackings of September 11, 2001 and the resulting subsequent events with accident dates of September 11, 2001 through September 14, 2001.

Note: Catastrophe Code No. 48 will apply to both single and multiple claims.

Housekeeping changes are also being implemented to maintain consistency with national standards by adding definitions of popular programs, Merit Rating and Schedule Rating, to the Section VII Glossary effective December 1, 2002.

SECTION IV

CODES

A. Codes Common to Premium and Losses

4. Policy Type ID Code

Identifies the type of coverage, plan indicator and non-standard provisions of the policy.

Type of Coverage

Code	Description
01	Standard Workers Compensation Policy
<u>09</u>	<u>Non-Standard Policy</u>

Non-Standard Type

Code	Description
01	Non-Standard Code Does Not Apply
<u>08</u>	<u>Exclusion of Executive Officers</u>
09	Voluntary Coverage Not Mandatory by State Act

5. Deductible Type

Identifies the type of deductible being reported.

First Two Positions

Code	Description
<u>00</u>	<u>No Deductible</u>
01	Medical Losses Only
02	Indemnity Losses Only
03	Medical & Indemnity Losses

Second Two Positions

Code	Description
<u>00</u>	<u>No Deductible</u>
<i>01 through 09 remain unchanged</i>	

B. Exposure Information Code

2. Exposure Coverage.

Report the code indicating the Act (Law) under which the exposure for this record's class code is associated.

Code	Description
01	State or Federal Act, excl. USL&HW
02	USL&HW "F" or non "F" coverage
<u>10</u>	<u>Voluntary Coverage not Mandatory by State Act</u>

3. Premium Codes

- a. Premium Subject to Experience Modification (Reported Above Line "A")
 [(5) Deviation Applied to Manual Premium Before Experience Modification .
 Downward Deviation **Code 9037**
 Upward Deviation **Code 9039]**
 [(6)][(5) Deviation Applied to Manual Premium Before Experience Modification
 Deductible **Code 9664**
- b. Premium Not Subject to Experience Modification (Reported on lines "D", "E" or "F")
 [(1) Deviation Applied to Manual Premium After Experience Modification
 Downward Deviation **Code 9034**
 Upward Deviation **Code 9036]**

(2) through (16) become (1) through (15) without wording changes.

D. Individual Case Report Codes

10. Fraudulent Claim [Indicator]Code

SECTION VI

EXAMPLES

Illustration 7 – Rateable Class; Mandatory Non-Rateable Element

Effective 10/01/87, for class codes 4773, 4774, 4775, 4776, 4779, 7323F, 7405 and 7413, there is a Mandatory Non-Rateable Element established by the Bureau and shown on the Bureau Data Card. When reporting these classifications, the rateable element is reported above line "A" on the hard copy unit and the premium is subject to the experience modification. The mandatory non-rateable element is reported below line "C", on the hard copy unit. [Both the rateable and non-rateable portion of the rate are subject to a rate deviation, if applicable.]

Illustration 8 – Rateable Class; Optional Non-Rateable Element

An Optional Non-Rateable Element is established by the Bureau and shown on the Bureau Data Card when the non-rateable element is authorized by the Bureau's Classification Department. The Non-Rateable Element is optional for class codes 445, 447, 513, 7421, classes with radiation exposure[, various classes eligible to use Workfare Program Employees (982) and construction classes with exposure to carcinogens].

When reporting these classifications, the rateable element is reported above line "A" on the hard copy unit, and the premium is subject to experience modification. The optional non-rateable element is reported below line "C" on the hard copy unit. [Both the rateable and the non-rateable portion of the rate are subject to a rate deviation, if applicable.]

SECTION VII

GLOSSARY OF TERMS

Additions

Merit Rating

The plan is intended to grant premium discounts or assess premium surcharges to employers which do not qualify under the uniform Experience Rating Plan.

Schedule Rating Plan

The loss and/or expense components of an insured risk's premium may, at the option of the underwriting carrier, be adjusted in accordance with provisions of this plan to reflect defined characteristics of the risk which, in the sole judgment of the underwriting carrier, are not adequately reflected in prior experience of the insured risk.

Both the Basic and Statistical Manuals will be updated on our website (www.dcrb.com) at a later date.

Questions about revisions to the Experience Rating Plan and Merit Rating Plan in the Workers Compensation Manual should be directed to Betty Ann Campbell, Director, Rating Rules & Policy Reporting, at Extension 218 or bcampbell@dcrb.com. Questions concerning any changes to the Statistical Plan Manual should be directed to Bonnie Piacentino, Director, Statistical Reporting, at Extension 223 or bpiacentino@dcrb.com.

Timothy L. Wisecarver
President

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