



November 13, 2019

DCRB CIRCULAR NO. 971

To All Members of the DCRB:

Re: **APPROVAL OF DCRB FILING NO. 1906**
REVISIONS TO DESIGNATED AUDITABLE PAYROLLS
BASIC MANUAL – SECTION 1
EFFECTIVE DECEMBER 1, 2019

The Delaware Insurance Commissioner has approved the DCRB's filing to revise the designated auditable payrolls for policies effective on or after 12:01 a.m., December 1, 2019. The effective date of these revisions aligns with the DCRB's December 1, 2019 loss cost and residual market rate revision, which was recently approved by the Insurance Commissioner. Information for that approval is contained in DCRB Circular **No. 969**, dated October 15, 2019, which was posted under the "Circulars" tab on the DCRB's website. This coordination consolidates necessary changes that our members and other constituents must make to policies, forms and systems.

The Basic Manual designates the following auditable payrolls:

- Weekly minimum and maximum corporate officer payrolls.
- Weekly maximum musicians' or entertainers payrolls.
- Annual minimum and maximum payroll for each player, coach, manager or sports official subject to assignment to Code 970, Athletic Team – Contact Sports, or to Code 991, Athletic Team: Non-Contact Sports.

The corporate officer weekly minimum and maximum payrolls are also used as a sole proprietor's or a partner's auditable payroll when the sole proprietor's or partner's payroll cannot be determined. The DCRB reviews these auditable payrolls annually.

The corporate officer weekly minimum and maximum payrolls and the weekly maximum musicians' or entertainers' payrolls are a function of Delaware's Statewide Average Weekly Wage (SAWW) effective July 1, 2019 (\$1,088.84 – an increase of 1.72% in relation to the July 1, 2018 SAWW of \$1,070.48), with results rounded to the nearest \$50.00 for the maximum corporate officer payrolls.

In anticipation of this filing, DCRB staff conducted a review of the corporate officer maximum payroll handling based on SAWWs in regional states and the formulas used to determine the corporate officer maximum auditable payroll in those states. Concluding from this research the DCRB proposed that for December 1, 2019 the formula for determining the corporate officer maximum be revised from 2.5 times SAWW to 4 times SAWW rounded to the nearest \$50.00.

The weekly maximum payroll to be audited for musicians or entertainers who are not independent contractors is set at 100% of SAWW.

The DCRB did not propose any revisions to the annual minimum and maximum payroll for each player, coach, manager or sports official subject to assignment to either Code 970 or Code 991.

In summary, the approval of this filing results in the following revisions effective December 1, 2019:

- Corporate officer minimum is revised from \$1,070.00 per week to \$1,089.00 per week.
- Corporate officer maximum is revised from \$2,700.00 per week to \$4,350.00 per week.
- Maximum auditable payroll for musicians or entertainers is revised from \$1,070.00 per week to \$1,089.00 per week.

Please refer to DCRB Filing No. 1906, posted under the “Filings” tab of the DCRB’s website, for additional details regarding these revisions. Please contact Robert Ferrante, Senior Classification Analyst – Technical Services, at (215) 320-4584 or at rferrante@dcrb.com for any questions regarding this circular. The Basic Manual will be updated on the DCRB’s website at a later date.

William V. Taylor
President

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

Proposed Effective December 1, 2019

SECTION 1

INFORMATION PAGE *remains unchanged.*

PREFACE *remains unchanged.*

MEMBERSHIP *remains unchanged.*

TABLE OF CONTENTS *remains unchanged.*

SECTION 1 – Underwriting Rules-Rule I (GENERAL) through Rule IV (CLASSIFICATIONS) *remains unchanged.*

RULE V – PREMIUM BASIS

(No change to Item A.)

B. REMUNERATION – PAYROLL

(No change to Item 1.)

2. Inclusions

(No change)

(No change Items a. through m.)

n. Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of ~~\$4070~~-1089 per week for each musician or entertainer);

(No change Items o. through u.)

(No change to Item 3. through 5.)

(No change to Items C. through F.)

SECTION 1 – Underwriting Rules-Rule VI (RATING VALUES AND PREMIUM DETERMINATION) through Rule VIII (LIMITS OF LIABILITY) *remains unchanged.*

RULE IX- SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

A. EXECUTIVE OFFICERS

(No change to Items 1. through 4.)

5. Premium Determination

(No change)

a. *(No change)*

b. The minimum individual payroll for an executive officer is ~~\$4070~~-1089 per week.

c. The maximum individual payroll for an executive officer is ~~\$2700~~-4350 per week.

(No change to Items d. and e.)

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

Proposed Effective December 1, 2019

(No change to Items 6. Through 8.)

(No change to Items B. through I.)

SECTION 1 – Underwriting Rules-Rule X (CANCELLATION) through Rule XVII (MEMBER CARRIER DISPUTES (DISPUTE RESOLUTION CONFERENCE) *remains unchanged.*

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(No change to Item A.)

B. REMUNERATION – PAYROLL

(No change to Item 1.)

2. Inclusions

(No change)

(No change Items a. through m.)

- n. Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of \$1089 per week for each musician or entertainer);

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SECTION 1 – Underwriting Rules-Rule VI (RATING VALUES AND PREMIUM DETERMINATION) through Rule VIII (LIMITS OF LIABILITY) *remains unchanged.*

RULE IX- SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

A. EXECUTIVE OFFICERS

(No change to Items 1. through 4.)

5. Premium Determination

(No change)

a. *(No change)*

b. The minimum individual payroll for an executive officer is \$1089 per week.

c. The maximum individual payroll for an executive officer is \$4350 per week.

(No change to Items d. and e.)

(No change to Items 6. Through 8.)

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

Proposed Effective December 1, 2019

(No change to Items B. through I.)

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