



October 5, 2020

VIA SERFF

The Honorable Trinidad Navarro
Insurance Commissioner
Department of Insurance
State of Delaware
1351 West North Street, Suite 101
Dover, DE 19004

Attention: Harding Drane, Deputy Insurance Commissioner

**RE: DCRB Filing No. 2009 – Proposed Effective December 1, 2020
Revisions to Designated Auditable Payrolls and Sections 1 and 2 Manual
Amendments**

Dear Commissioner Navarro and Deputy Commissioner Drane:

On behalf of the members of the Delaware Compensation Rating Bureau, Inc. (DCRB), we hereby submit the proposed filing for revisions to the DCRB Workers' Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and Employer's Liability Insurance (Basic Manual). These revisions are proposed for policies with effective dates of 12:01 a.m., December 1, 2020 and later. This proposed effective date will align the implementation of these changes with the DCRB's normal annual comprehensive residual market rate and voluntary market loss cost revision, which was filed with the Department of Insurance on August 21, 2020 with a proposed effective date of December 1, 2020. 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: 1) the corporate officer weekly minimum and maximum payrolls; 2) the weekly maximum musicians' or entertainers' payrolls; 3) the annual minimum and maximum payroll for each player, coach, manager or sports official subject to assignment to Code 970, Athletic Team – Contact Sports; and 4) the annual minimum and maximum payroll for each player, coach, manager or sports official subject to assignment 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, 2020 (\$1,121.49 – an increase of 2.99% in relation to the July 1, 2019 SAWW of \$1,088.84), with results rounded to the nearest \$50.00 for the maximum corporate officer payrolls.

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For this filing, the DCRB is not proposing 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. The formulas for calculating the remaining auditable payrolls are as follows:

- 100% of SAWW for the corporate officer weekly minimum.
- 4 times SAWW rounded to the nearest \$50.00 for the corporate officer weekly maximum.
- 100% of SAWW for the weekly maximum payroll for musicians or entertainers who are not independent contractors.

This review results in the following December 1, 2020 proposals:

- The corporate officer minimum be revised from \$1,089.00 per week to \$1,121.00 per week.
- The corporate officer maximum be revised from \$4,350.00 per week to \$4,500.00 per week.
- The maximum auditable payroll for musicians or entertainers be revised from \$1,089.00 per week to \$1,121.00 per week.

Thank you in advance for your review and attention to this filing. The DCRB is pleased to answer any questions that you or the Department of Insurance staff may have regarding these proposals.

Sincerely,

William V. Taylor
President

Enclosure: Revisions to Sections 1 & 2



TO: Delaware Classification & Rating Committee

FROM: Robert Ferrante – Senior Classification Analyst – Technical Services

DATE: September 9, 2020

RE: Proposed Revisions to Designated Auditable Payrolls and Concurrent Sections 1 and 2 Basic Manual Amendments – December 1, 2020

As background, the Delaware Workers Compensation Basic Manual designates the following auditable payrolls: 1) the corporate officer weekly minimum and maximum payrolls; 2) the weekly maximum musicians' or entertainers' payrolls; 3) the annual minimum and maximum payroll for each player, coach, manager or sports official subject to assignment to Code 970, Athletic Team – Contact Sports; and 4) the annual minimum and maximum payroll for each player, coach, manager or sports official subject to assignment 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. To maintain these values, the DCRB reviews these auditable payrolls annually.

The proposed revisions to 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, 2020 (\$1,121.49 – an increase of 2.99% in relation to the July 1, 2019 SAWW of \$1,088.84), with results rounded to the nearest \$50.00 for the maximum corporate officer payrolls. The DCRB recommends that all the designated payroll revisions discussed herein become effective concurrent with the implementation of the DCRB's December 1, 2020 comprehensive loss cost value and residual market rate revision, which will be filed with the Delaware Insurance Department (Department) at a later date.

The formulas used for determining these auditable payrolls are as follows:

- 100% of SAWW for the corporate officer weekly minimum payroll.
- SAWW times 4 rounded to the nearest \$50.00 for the corporate officer weekly maximum payroll.
- 100% of SAWW for the weekly maximum payroll for musicians or entertainers.

Applying these formulas to the July 1, 2020 SAWW of \$1,121.49 results in the following proposals for December 1, 2020:

- The corporate officer weekly minimum payroll be revised from \$1,089.00 to \$1,121.00.
- The corporate officer weekly maximum payroll be revised from \$4,350.00 to \$4,500.00.
- The weekly maximum payroll for musicians or entertainers be revised from \$1,089.00 to \$1,121.00.

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

MANUAL LANGUAGE PROPOSALS

SECTION 1

RULE V – PREMIUM BASIS

B. REMUNERATION

2. INCLUSIONS

Remuneration includes:

a. through m. No Change

s

n. Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of \$~~1,089~~1,121 per week for each musician or entertainer);

o. through v. No Change

RULE IX - SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE

A. EXECUTIVE OFFICERS

5. Premium Determination

Premium for executivesubject to the following:

- a. The requirements of Rule V-E.
- b. The minimum individual payroll for an executive office is \$~~1,089~~1,121 per week.
- c. The maximum individual payroll for an executive officer is \$~~4,350~~4,500 per week.
- d. No change.
- e. No change.

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

Proposed Effective December 1, 2020

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

Item A. remains unchanged.

B. REMUNERATION – PAYROLL

Item 1. remains unchanged.

2. Inclusions

Remains unchanged.

Items a. through m. remain unchanged.

n. Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of ~~\$1,089~~1,121 per week for each musician or entertainer);

Items o. through v. remain unchanged.

Items 3. through 5. remain unchanged.

Items C. through F. remain unchanged.

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

Items 1. through 4. remain unchanged.

5. Premium Determination

Remains unchanged.

a. Remains unchanged.

b. The minimum individual payroll for an executive officer is ~~\$1,089~~1,121 per week.

c. The maximum individual payroll for an executive officer is ~~\$4,350~~4,500 per week.

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

Proposed Effective April 1, 2021

Items d. and e. remain unchanged.

Items 6. through 9. remain unchanged.

Item B. through I. remain unchanged.

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

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

Proposed Effective December 1, 2020

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

Item A. remains unchanged.

B. REMUNERATION – PAYROLL

Item 1. remains unchanged.

2. Inclusions

Remains unchanged.

Items a. through m. remain unchanged.

n. Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of \$1,121 per week for each musician or entertainer);

Items o. through v. remain unchanged.

Items 3. through 5. remain unchanged.

Items C. through F. remain unchanged.

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

Items 1. through 4. remain unchanged.

5. Premium Determination

Remains unchanged.

a. Remains unchanged.

b. The minimum individual payroll for an executive officer is \$1,121 per week.

c. The maximum individual payroll for an executive officer is \$4,500 per week.

Items d. and e. remain unchanged.

Items 6. through 9. remain unchanged.

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

Proposed Effective December 1, 2020

Item B. through I. remain unchanged.

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