



October 28, 2022

**VIA SERFF**

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

**Attention: Tanisha Merced, Deputy Insurance Commissioner**

**RE: DCRB Filing No. 2205 – Proposed Effective December 1, 2022  
Revisions to Designated Auditable Payrolls and Section 1 Basic Manual Language  
Amendments**

Dear Commissioner Navarro and Deputy Commissioner Merced:

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, 2022, 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 12, 2022, with a proposed effective date of December 1, 2022. 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 Honorable Trinidad Navarro  
Department of Insurance  
October 28, 2022  
Page 2

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, 2022, (\$1,234.04 – an increase of 3.1% in relation to the July 1, 2021, SAWW of \$1,196.64) with results rounded to the nearest \$50.00 for the maximum corporate officer payrolls.

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 for this filing. The formulas used for calculating the remaining 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.

This review results in the following proposals for December 1, 2022:

- The corporate officer weekly minimum payroll be revised from \$1,197.00 to \$1,234.00.
- The corporate officer weekly maximum payroll be revised from \$4,800.00 to \$4,950.00.
- The weekly maximum payroll for musicians or entertainers be revised from \$1,197.00 to \$1,234.00.

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 Section 1



TO: Delaware Compensation Rating Bureau, Inc. (DCRB) Classification & Rating Committee

FROM: Robert Ferrante – Senior Classification Analyst – Technical Services

DATE: October 24, 2022

RE: Proposed Revisions to Designated Auditable Payrolls and Concurrent Section 1 Basic Manual Amendments – December 1, 2022

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 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, 2022, (\$1,234.04 – an increase of 3.1% in relation to the July 1, 2021, SAWW of \$1,196.64) with results rounded to the nearest \$50.00 for the maximum corporate officer payrolls. The DCRB recommends that the designated auditable payroll revisions discussed in this memorandum become effective concurrent with implementation of the DCRB's December 1, 2022, 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, 2022, SAWW of \$1,234.04 results in the following proposals for December 1, 2022:

- The corporate officer weekly minimum payroll be revised from \$1,197.00 to \$1,234.00.
- The corporate officer weekly maximum payroll be revised from \$4,800.00 to \$4,950.00.
- The weekly maximum payroll for musicians or entertainers be revised from \$1,197.00 to \$1,234.00.

The DCRB does not propose 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 for December 1, 2022.

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

*Proposed Effective December 1, 2022*

**MANUAL LANGUAGE PROPOSALS**

**MANUAL RULES**

**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**

**Remuneration includes:**

No change to Item **a** through Item **m**.

**n.** Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of \$~~1,234~~<sup>1,197</sup> per week for each musician or entertainer);

No change to Item **o** through Item **v**.

No change to Item 3. through Item 5.

No change Item C. through Item F.

**SECTION 1, UNDERWRITING RULES – RULE VI (RATING VALUES & PREMIUM DETERMINATION) through RULE VIII (LIMITS OF LIABILITY)** remains unchanged.

**RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM**

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

*Proposed Effective December 1, 2022*

**A. EXECUTIVE OFFICERS**

No change to Item 1 through Item 4.

**5. Premium Determination**

No Change

No change to Item **a**.

b. The minimum individual payroll for an executive officer is ~~\$1,234~~1,197 per week.

c. The maximum individual payroll for an executive officer is ~~\$4,950~~4,800 per week.

No change to Item **d** and Item **e**.

No change to Item B through Item I.

**SECTION 1, UNDERWRITING RULES - RULE X (CANCELLATION) through RULE XVII (MEMBER CARRIER DISPUTES (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, 2022*

**MANUAL LANGUAGE PROPOSALS**

**MANUAL RULES**

**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**

**Remuneration includes:**

No change to Item **a** through Item **m**.

**n.** Musicians or entertainers who are not independent contractors shall be included in computation of premiums of hotels or restaurants (maximum of \$1,234 per week for each musician or entertainer);

No change to Item **o** through Item **v**.

No change Item 3 through Item 5.

No change Item C. through Item F.

**SECTION 1, UNDERWRITING RULES – RULE VI (RATING VALUES & PREMIUM DETERMINATION) through RULE VIII (LIMITS OF LIABILITY)** remains unchanged.

**RULE IX – SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM**

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

*Proposed Effective December 1, 2022*

**A. EXECUTIVE OFFICERS**

No change to Item 1 through Item 4.

**5. Premium Determination**

No Change

No change to item a.

- b. The minimum individual payroll for an executive officer is \$1,234 per week.
- c. The maximum individual payroll for an executive officer is \$4,950 per week.

No change to Item **d** and Item **e**.

No change to Item B through Item I.

**SECTION 1, UNDERWRITING RULES - RULE X (CANCELLATION) through RULE XVII (MEMBER CARRIER DISPUTES (DISPUTE RESOLUTION CONFERENCE))** remains unchanged.