

A Safer Route

How Changes to Delaware's Experience Rating and Workplace Safety Programs Are Expanding Access and Rewarding Safety

What Agents & Brokers Need To Know

By The Delaware Compensation Rating Bureau

For decades, Delaware's small businesses faced a simple but frustrating truth when it came to workers' compensation: if you were too small to qualify for experience rating, you were too small to get fully rewarded for your safety record. That's no longer the case.

Thanks to comprehensive changes to the Experience Rating Plan (ERP) and the Delaware Workplace Safety Program (WSP), **over 2,100 small businesses now have access to premium savings once reserved for larger businesses, provided they keep their employees safe.**

But like any significant change, the transition has raised understandable questions, particularly around shifting credits and timing. While some clients may be questioning smaller WSP credits, **these reforms bring more accurate, accessible, and sustainable savings** — especially for small businesses that prioritize safety. To understand the full picture, we need to unpack what changed, why it changed, and what it all means for employers navigating the new system.

KEY HIGHLIGHTS

Expansion

- Thousands of small businesses are newly eligible for premium savings.

Synergy

- Experience Rating Plan (ERP) and Workplace Safety Plan (WSP) were modernized.

What's Changing

- Focus shifts from flat merit credits to performance-based savings.

Getting There

- Agents play a crucial role in helping clients navigate these changes.

The Experience Rating Plan (ERP): Stronger Incentives, Fairer Outcomes

At the heart of the update is the ERP, a formula that adjusts workers' compensation premiums utilizing an employer's actual loss history. Under the old system, employers needed **\$3,161** in annual premium to be eligible for experience rating. That left many small businesses under a simple +/-5% "merit rating" plan — a one-size-fits-all tool that limits credits at **5%** regardless of safety performance.

Effective December 1, 2024, the ERP eligibility threshold was revised to \$5,000 in premium over three years (or an average of **\$1,667** annually), capturing a broader swath of Delaware's small business community. This seemingly minor adjustment now brings thousands of employers into a more precise and responsive system that rewards individual safety records.

But the changes run deeper than eligibility. The DCRB overhauled key components of the rating plan:

- **Higher Credibility = More Accurate Premiums:** Credibility values were increased, meaning an employer's actual claims history carries more weight in their premium calculation. For example, a small business may now have **69%** credibility versus **5%** under the old plan.
- **Smaller Claims Count More:** Split points, which determine the portion of each claim that is counted in the calculations, were lowered to better reflect the impact of smaller, more frequent losses— a better predictor of future losses as it limits the impact of a single rare, severe claim.
- **Caps on E-Mods = Protection from Spikes:** A new "max mod" cap was introduced to limit how high an experience rating factor (E-mod) can be for a given business, especially for small businesses, while a one-year transition rule ensures that no employer's E-mod can increase by more than **40%** in year one due to plan changes.

BEFORE VS. AFTER

ERP Eligibility

Before: \$3,161/year

After: \$5,000/3 years

WSP Eligibility

Before: Matched ERP

After: Still matches ERP and lower threshold

Accessibility

Before: 6,300 businesses

After: 8,400 businesses

The result: businesses with clean claims history are seeing bigger discounts. One employer previously stuck at a **5% merit credit** could now see a **14% ERP credit** — nearly triple the benefit.

KEY TAKEAWAY

More small businesses now qualify for ERP, and those with safe records are generally seeing bigger and fairer premium discounts.

Workplace Safety Program (WSP): Smaller Credits, More Access

Yes, the WSP credit is smaller — but that's because **employers are now earning more through ERP and entering a responsive, more balanced system.**

The Delaware WSP, established in **1989**, has long offered premium discounts to employers who voluntarily participate in safety inspections. However, only employers large enough to qualify for the ERP were eligible, effectively excluding many smaller businesses from participating in these savings. **That changed with the 2024 ERP revision.**

Legislation enacted in **2024 lowered the eligibility threshold for both ERP and WSP**, unlocking access to safety-based discounts for thousands of additional smaller employers. Any employer with at least **\$5,000** in Delaware premium over a three-year period is eligible to apply, lowering the barrier to entry and allowing many small businesses to automatically qualify for the safety incentive program.

This expansion means that smaller employers who were previously excluded can now benefit from both WSP credits and ERP-driven premium reductions. When these businesses invest in loss prevention and maintain safe workplaces, the revised plan ensures their efforts are reflected in the form of more accurate pricing and meaningful premium savings.

While the expanded eligibility has opened the door for thousands of smaller employers to participate in both programs—many for the first time—it has also prompted questions. Some agents and employers have reasonably raised concerns about a sharp drop in WSP credit percentages, with many moving from high credits of **19%** down to a more typical range of **4–6%** under the revised plan. Understandably, this has caused confusion.

This shift is a direct result of the program's **updated credibility framework used in both plans**, which now applies more refined and consistent values across both the ERP and WSP. Although the credit percentages may appear lower, they reflect a more accurate and data-driven measure of risk—and are now accessible to a much broader group of employers. For many, these lower WSP credits are offset by more favorable E-mods under the revised ERP, particularly for businesses with few or no claims.

By viewing the ERP and WSP together—as complementary parts of a modernized rating system—employers can better understand how safety performance, loss prevention, and premium savings are increasingly aligned.

AGENT TALKING POINTS



- “You now automatically qualify for bigger credits through ERP—even if your WSP credit dropped.”
- “Focus on total savings: ERP + WSP + statewide rate reduction = big picture.”
- “This isn't just fairer—it rewards your safety record and better incentivizes workplace safety.”

KEY TAKEAWAY

WSP credits may look smaller, but more employers can now access both programs—unlocking meaningful savings through better alignment with safety performance.

Why the Drop?

Understanding the Smaller WSP Credits

First, it's important to clarify, the WSP credit formula hasn't changed. It's still:

$$\text{WSP Credit} = 20\% \times (1 - \text{Credibility})$$

But credibility values, borrowed from the ERP, have increased and place more emphasis on the robust ERP program and less on the WSP. A small employer, once given a credibility of 5% (and thus a **19% WSP credit**), may now have a credibility of **69%**, translating to a **6% WSP credit**.

This is not a penalty, nor does it signal reduced opportunity. It reflects that these employers can now get more credit through the ERP and better balance the credits between both programs. The programs are designed to complement one another with the smaller WSP credits often offset by a larger ERP discount.

"The WSP now acts as a bonus on top of a more accurate, performance-based ERP for smaller businesses," said Brent Otto, Chief Actuary at the DCRB. "In many cases, safety conscious employers are seeing similar or even greater total savings even if their WSP discount appears smaller."

What may look like a smaller WSP discount is actually part of a broader, more performance-driven system that often results in greater total savings.



KEY TAKEAWAY

WSP credits are lower because credibility is higher—but that same credibility drives larger ERP discounts. Together, the programs reward safety more accurately and fairly.

Agents and Employers: What You Need to Know

For agents, brokers, and business owners, the message to clients is simple: focus on total savings over time, not just individual program changes in a given year.

1

Yes, WSP discounts are smaller

2

But potential ERP credits are bigger for safer businesses and more reflective of actual experience.

3

Plus, an increasing number of businesses now qualify for both.

4

Finally, average statewide rates have also decreased by over **22%** in the past 2 years, another key component driving overall premium levels.

For a business that is claim-free and previously merit rated, receiving a **5% flat credit** may now qualify for up to **20%** in combined credits between both programs — more than what was previously possible for these small businesses.

Here's a summary for maximum potential credits for smaller employers:

EMPLOYER TYPE	PRIOR TOTAL CREDIT	NEW TOTAL CREDIT
Small, Claim-Free Employer	5%*	~20%
Small Employer with 1 Claim	0%*	~16%
Existing ERP Participant	21%	20%

*These employers were eligible only for the merit rating program under the prior plan.

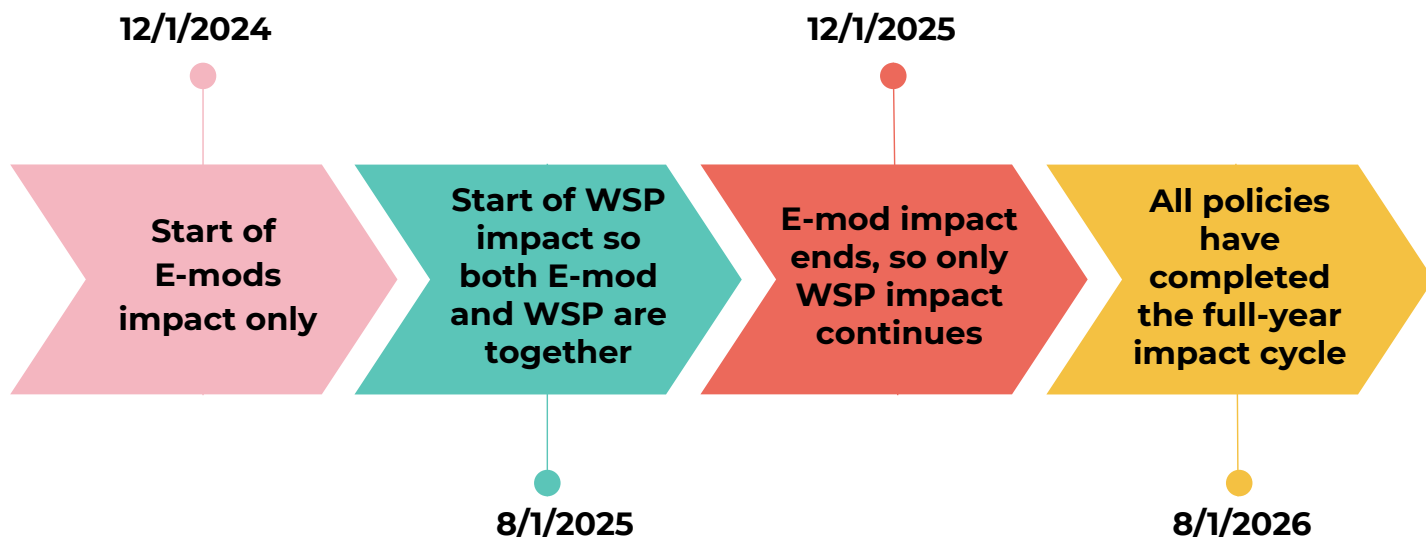
KEY TAKEAWAY

The focus should be on total savings. Many small businesses are now eligible for combined ERP and WSP credits up to 20%.

What's Next: Full Implementation during 2025 and 2026

Due to the plan mechanics and the lead-time required for determining eligibility for the WSP, the effective dates and timing of the changes for the ERP and WSP are different.

As the graphic below shows, the ERP changes started on **12/1/2024**, and while the revised WSP eligibility determination also started on **12/1/2024**, these were for policies effective **8/1/2025** due to the lead-time needed for this program. This means that any savings due to lower E-modes often occur prior to the WSP changes going into effect and often on two separate policies. Only from **8/1/2025** to **12/1/2025** will both changes generally occur on the same policy.



This complexity makes things harder to explain, since the changes often span multiple policy years from **late 2024** to **2026**. The generally favorable ERP effect took place immediately, while the offsetting WSP effect was delayed often to the next policy renewal. Compounding things further are the annual rate decreases that are approved effective on December 1 of each year.

KEY TAKEAWAY

ERP and WSP changes roll out on different timelines, so employers may see savings across multiple policy years—but both are moving toward broader access and fairer results.

Navigating Concerns And Next Steps

Some agents have noted that for certain employers, particularly those with multiple locations or in the construction sector, the cost of safety inspections may approach or exceed the value of the WSP credit alone. It's recognized that the level of inspection fees plays a role in determining the total net savings.

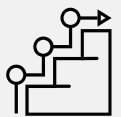
However, it's important to view the WSP and ERP as interconnected tools: the safety inspection process not only supports eligibility for WSP credits but can also lead to safer practices that reduce future claims, indirectly contributing to lower E-mods and even greater long-term premium savings. When viewed holistically, the programs are designed to reinforce and reward a sustained commitment to workplace safety.

In short: an inspection today may lead to lower premiums tomorrow.

Even if the WSP credit alone seems small, the real savings come from long-term improvements in E-mods. While some businesses may experience modest premium increases as a result of these updates, the overarching goal remains clear: to make workplace safety a powerful incentive that leads directly to lower premiums and meaningful long-term savings.

By aligning the rating system more closely with actual safety performance and claim outcomes, these changes ensure that employers who prioritize injury prevention are recognized and rewarded. The updated structure creates a fairer, more transparent system; one that encourages a culture of safety and delivers real financial benefits to businesses that invest in protecting their people.

AGENT ACTION STEPS



- Use DCRB's online E-mod calculator
- Walk clients through ERP and WSP impacts
- Focus on the long game: lowering total cost through safer inspections
- If assistance is needed, contact the **DCRB Experience Rating Team** at:
 - desafetyinquiry@dcrb.com
 - **215-320-4421**

KEY TAKEAWAY

Even when WSP credits appear modest, expanding access to and improving synergy among both programs helps more employers build safer workplaces and reduce their overall premium costs.

Final Word: More Fair, More Accurate, More Inclusive

The modernized ERP and WSP are not just technical updates; they are strategic shifts toward a safer, smarter, and more equitable workers' compensation system in Delaware.

"We've built a structure where safe employers can thrive," said Thomas Cleary, Senior Vice President & Chief Operating Officer of the DCRB. "The goal isn't just to reward safety with savings, it's to expand that opportunity to more business in Delaware."

For employers and agents alike, that's a safer route (and a smarter one) worth taking.



Want help communicating these changes to your clients?

Contact the **DCRB Experience Rating Team** at
desafetyinquiry@dcrb.com or **(215) 320-4421**



KEY TAKEAWAY

Delaware's modernized programs recognize and reward safe employers of all sizes with more equitable pricing.