Delaware Compensation Rating Bureau, Inc.

Insurance Agents & Brokers

Insights On WorkComp Safety, Reforms in Delaware

What Agents & Brokers need to know about aligning the Experience Rating Plan and Workplace Safety Program for client success.

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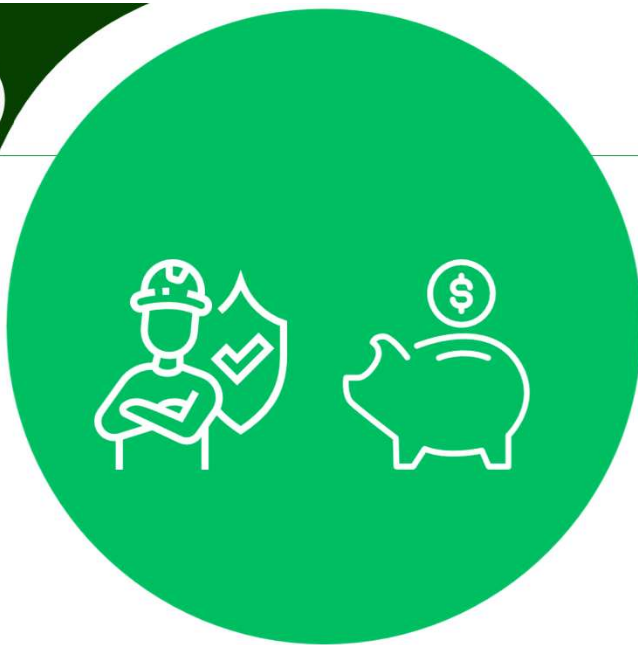


Introduction

What Agents & Brokers Need To Know

The **Experience Rating Plan (ERP)** and **Workplace Safety Program (WSP)** have been **modernized** to reflect how today's employers manage safety, risk, and performance.

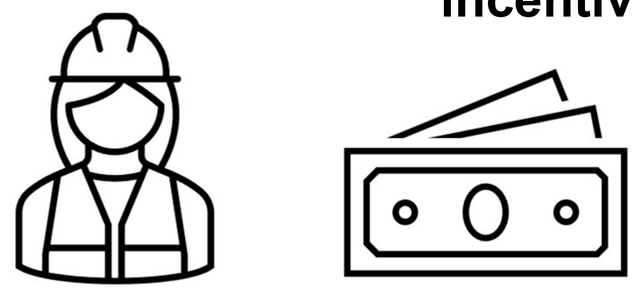
These are the **most significant updates in decades**, aligning both programs for fairness, accuracy, and accessibility.

The two programs now **work together** to reward safe employers — especially small businesses newly eligible for experience rating and safety credits.

Agents play a crucial role in helping clients navigate changes

About the Workplace Safety Program

Participation demonstrates a **commitment to well-being** and can yield **meaningful financial incentives.**



Voluntary, state-supported, premium discounts for employers who invest in safety

A win-win: **safer** work environments and **lower premiums**

About the Experience Rating Plan

What Changed?

- Higher credibility = more accurate pricing
- Capping = protection from spikes
- Split points lowered = small claims matter more

Mandatory program adjusting premiums based on each employer’s actual claims experience.

Strong safety record leads to an E-mod below 1.0 (lower premiums); poorer experience pushes it above 1.0.

Applies automatically to employers with at least $5,000 in premium over three years.

About Split Points

The Split Point separates losses into:

Excess Losses (above the limit) Reflect *SEVERITY* of claims	Primary Losses (below the limit) Reflect *FREQUENCY* of claims

- Lower Split Points increase the weight of how often losses occur, not just how large they are.
- A Limit Charge adds back an average level of excess losses to balance total loss values.

Safety Credit Process

Safety inspections can unlock long-term savings through both the DWSP and the ERP

Flat inspection fee per location (separate from premiums)

Slide 7

LK1 Credit Applied - spelling error

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Inspection Fee Impact

Modest fee funds inspections, supports safer practices that reduce future claims

Note: Often offset by long-term Experience Rating Plan + Workplace Safety Plan savings

Full details are available on the Delaware DOI website: *www.insurance.delaware.gov*

E-mod Scenario for No Losses

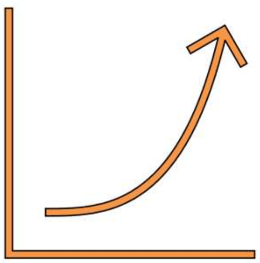
If a business has no losses during the experience period, **it will always receive an E-mod below 1.0**

This is known as a **"loss-free"** E-mod

1.0

often around **0.85** or lower

E-mod Capping



Protects employers from sudden spikes

TWO TYPES OF CAPPING

MAX MOD

Limits E-mod to a maximum factor based on the size of the business and is most common for smaller businesses.

TRANSITION CAP

Limits overall change for any E-mod to **+40%** compared to prior year during transition period (**12/1/24-11/30/25**)

Why Some E-mods Are Increasing

OLD PLAN

multiple claims were often averaged out, muting differences.

NEW PLAN

Clean records benefit more;
Frequent claims face stronger safety incentives

HELPING AGENTS EXPLAIN A FAIRER, MORE RESPONSIVE RATING SYSTEM

1. The revised Experience Rating Plan gives **greater weight to each employer's actual claim history**, especially for small and mid-sized businesses.

2. **Workplace Safety credits** were recalibrated to match the new formula.

3. Even with **smaller Workplace Safety credits**, the **combined Experience Rating Plan + Workplace Safety Program** impact often results in **equal or greater total savings**.

E-mod Increase Despite Lower Loss Ratio

Loss Ratio VS **E-Mod**

- Carrier-specific
- Includes pricing & credits
- Focuses on cost

- Statewide DCRB formula
- Based on expected losses
- Weights frequency and severity

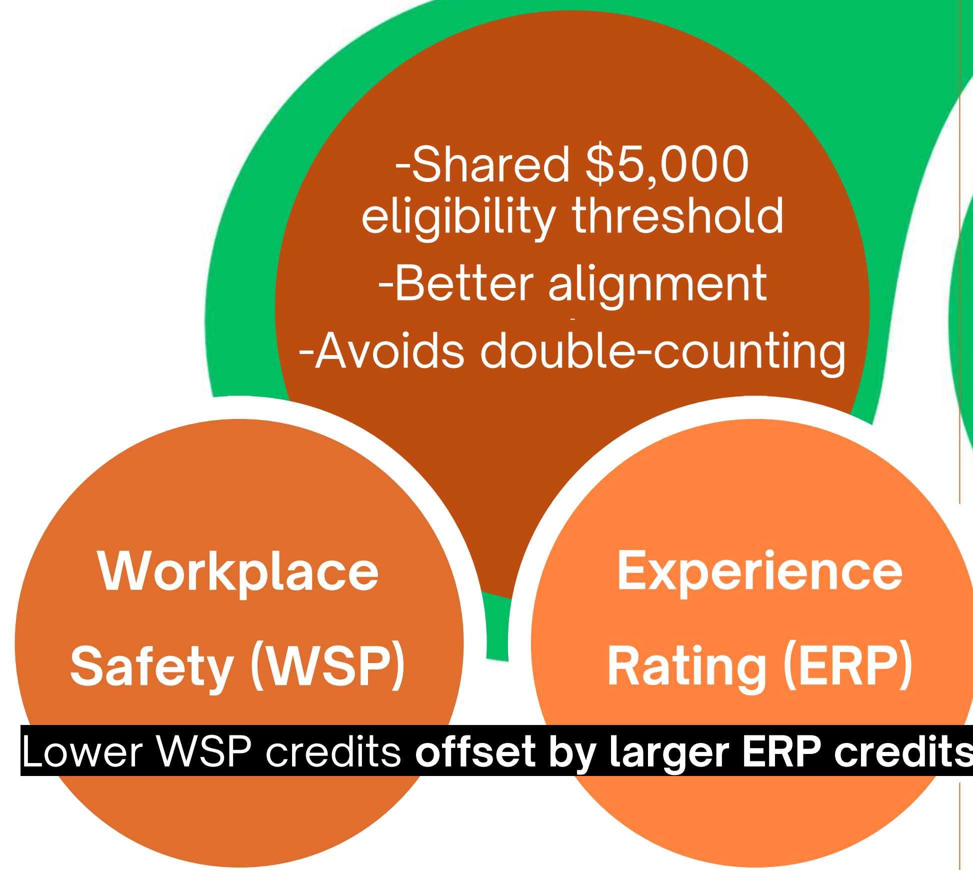
- A **low loss ratio** is positive but **not the same** as the E-mod.
- The **E-mod** uses **expected losses from DCRB statewide data**, not carrier pricing or credits.
- For **smaller employers**, **claim frequency** matters more than cost.
- It's **not a penalty**, but a **truer measure of long-term safety performance**

ERP Changes' Impact on WSP

WHY WSP CREDITS LOOK SMALLER

Max Safety Credits:

BEFORE	AFTER
17-19%	5-6%



Why ERP & WSP Are Synergistic

Complementary programs designed to work in tandem for **fairness and stability**

Slide 14

BO1 We should consider doing something on the timing miss match of each impact. I think this is a key point to have in this for understanding. This could go before this slide.

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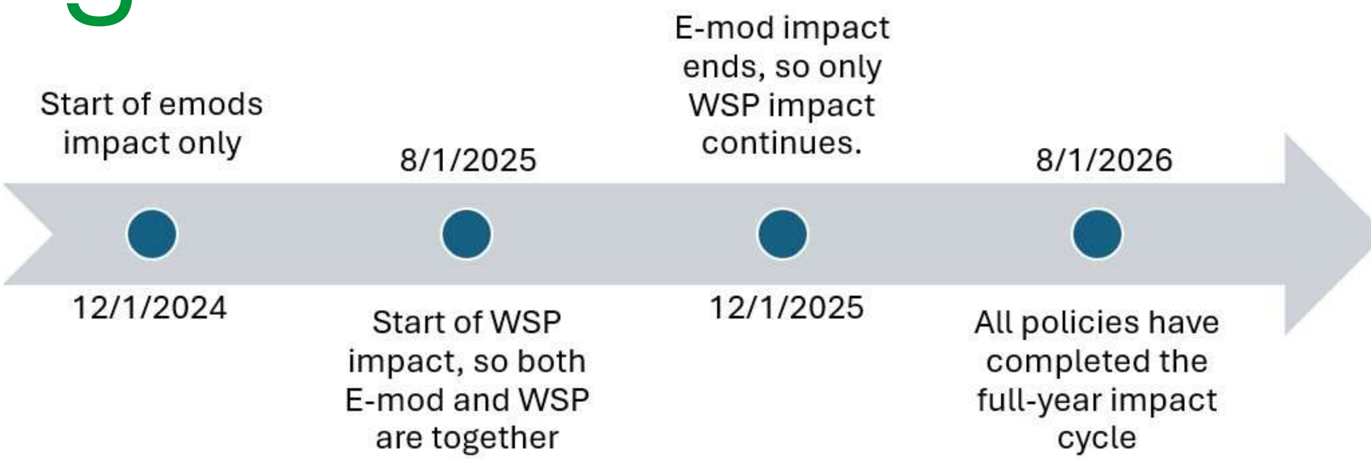
ERP & WSP Timing Effects



Only policies effective 8/1–12/1/2025 show both changes; outside this window, policies reflect either E-mod or WSP

Though misaligned until 8/1/2026, both programs share the same goal: alignment, fairness, and stronger safety incentives.

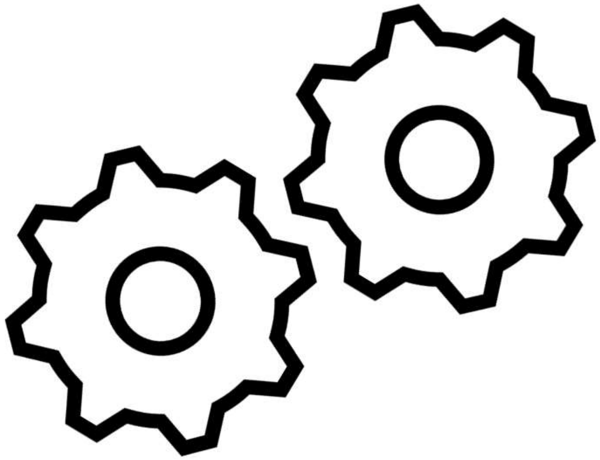
A
Safer
Route

Summary of Changes

- Expanded access (especially small businesses)
- Fairer and more accurate pricing
- Rewards safety culture
- Reduce impact of rare, expensive claims

We've built a structure where safe employers can thrive.

Key Takeaways



For some small employers, relying on the ERP may seem sufficient, but it risks losing focus on safety

Ongoing participation in the Workplace Safety Program keeps safety top of mind and helps stabilize long-term E-mods.

Employers who invest in preventing injuries will continue to thrive, through lower premiums and stronger workplaces.

Both programs are designed for alignment, fairness, and accuracy, rewarding genuine safety commitment.

Understanding how the programs work together enables agents to guide smarter, more strategic client decisions.

We are here to help you

Thank You & Contact Information

Thank you for exploring how recent reforms are shaping a safer and more equitable future for Delaware's workers compensation system.

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