

STATE OF THE LINE

DELAWARE

An overview of the workers' compensation system

TRUSTED | ESSENTIAL | OBJECTIVE

2025

What's Inside the State of the Line

Key trends in premiums, payroll, claims, pricing, and system performance shaping the current market.

Delaware Workers Compensation Insurance Market Results - 3

Loss Costs & Market Pricing - 10

Claim Frequency & Severity Trends - 13

Distributions of the Pennsylvania Workers Compensation System - 16

Measures of Claim Reporting & Case Reserve Changes - 21

Premium Adjustment Programs - 25

This report delivers analysis of premium, payroll, claims, and system performance, grounded in validated data and actuarial insight, providing a clear view of market conditions to support informed decision-making, planning, and evaluation across the workers compensation system.

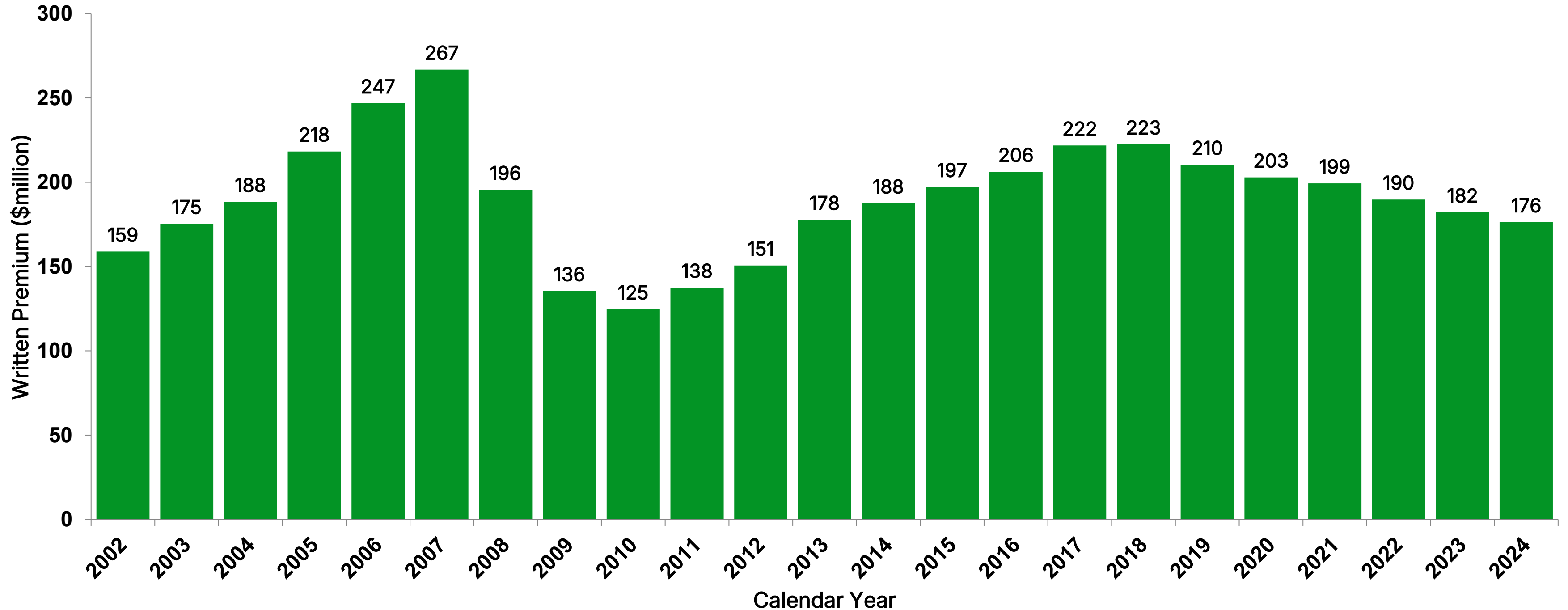
Copyright © 2026

Delaware Compensation Rating Bureau, Inc.

All rights reserved. No part of this publication may be reproduced or distributed without prior written permission, except for brief quotations used for review, commentary, or educational purposes with proper attribution. The information contained in this report is provided for informational and analytical purposes only

Direct Written Premium

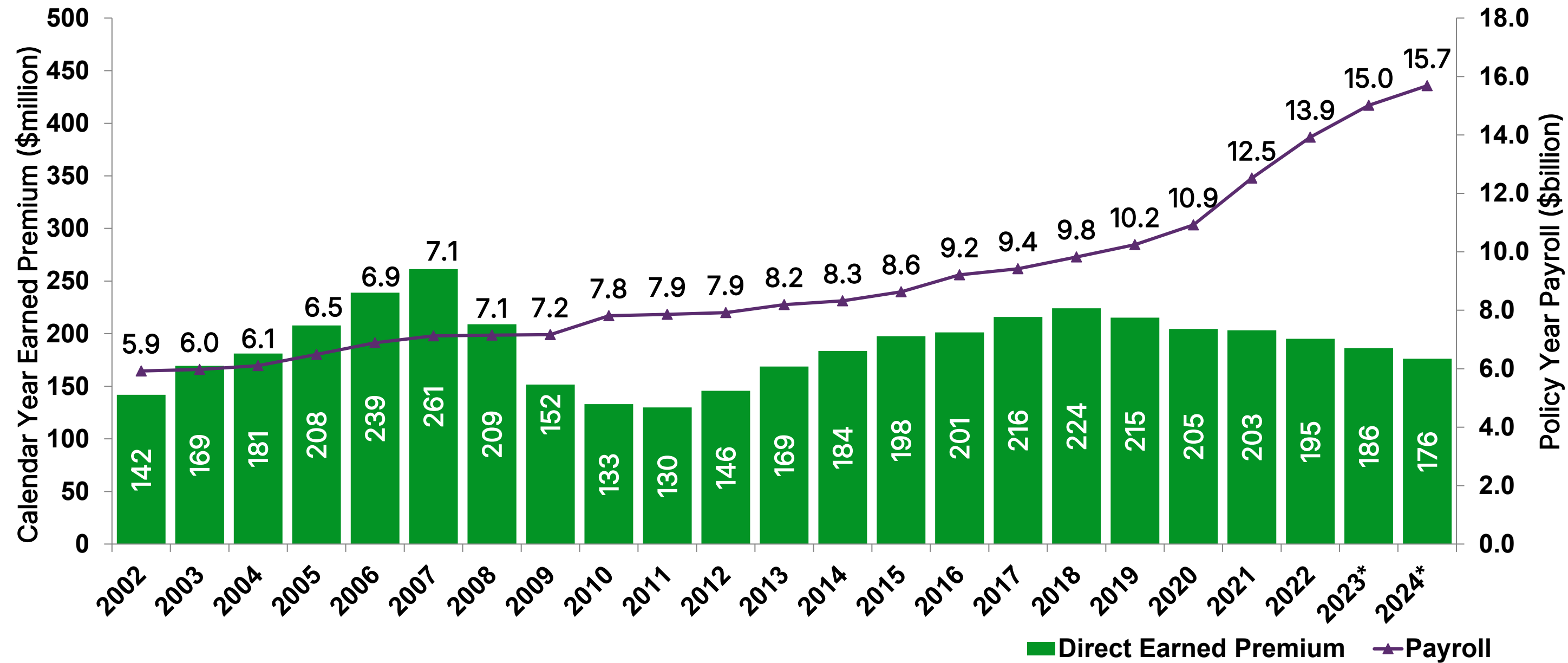
Written premium levels have consistently decline since the peak in 2018 driving by significant annual rate reductions. The 2024 written premiums are now at a level similar to 2013, suggesting rate reductions have outpaced exposure (payroll) growth.



Source: A.M. Best, Inc.: Best's State/Line Report

Earned Premium and Payroll History

Payroll continues to rise and has increased sharply in recent years, up 44% since 2020, due to strong post-pandemic economic recovery along with larger increases in the average weekly wages.



Some of the economic disruptions from the pandemic are masked within the exposure patterns due to the strong payroll growth and significant rate declines that continue to drive down overall premium levels.

Source:

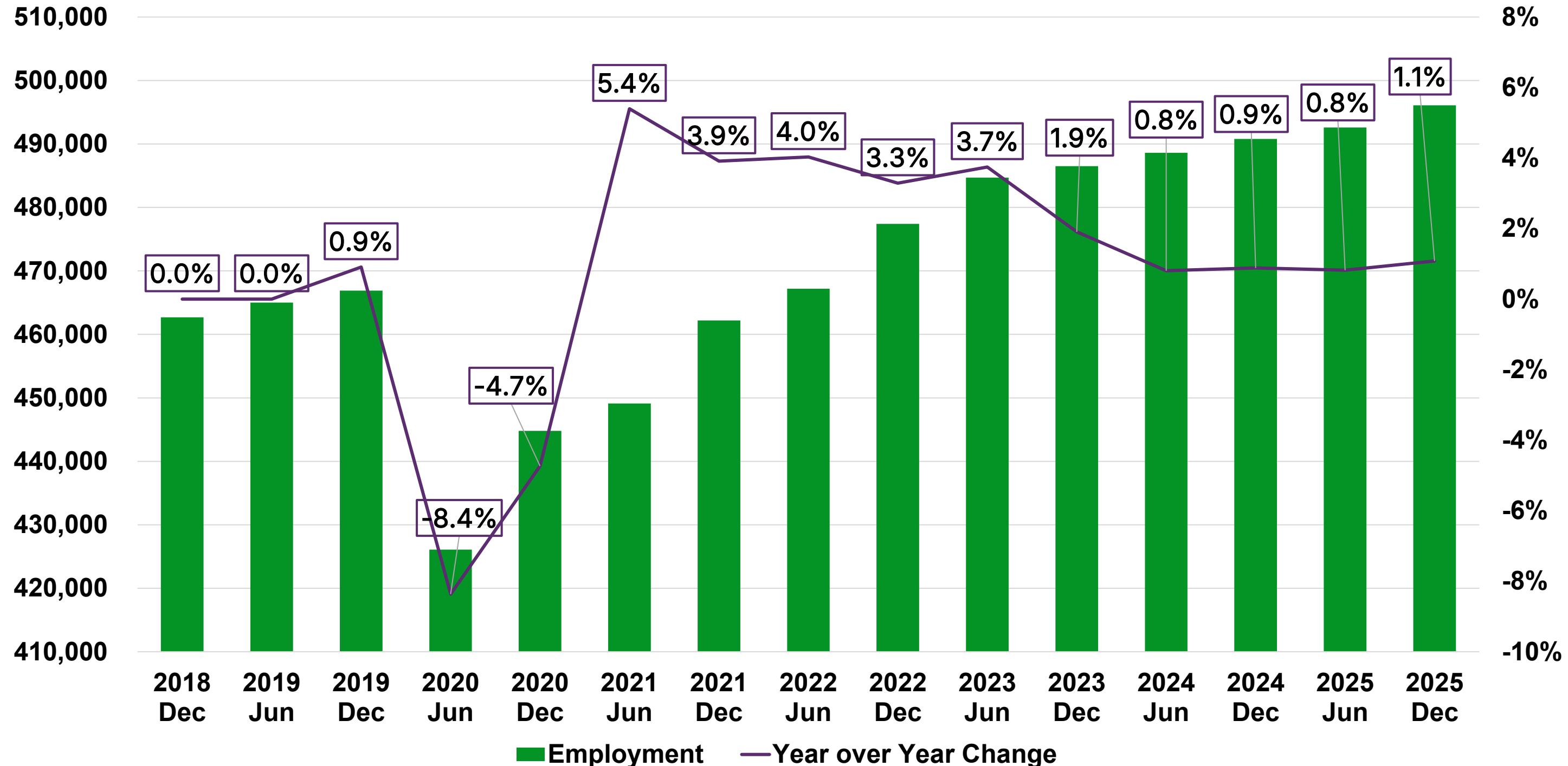
Premium: A.M. Best, Inc.: Best's State/Line Report; Calendar Year Basis

Payroll: Unit Statistical Data; DCRB Financial Data Calls as of 12/31/2024, adjusted to an "effective" level to reflect deductible discounts; Policy Year Basis.

* Payroll for Policy Years 2023 and 2024 is projected using the Statewide Average Weekly Wage.

Nonfarm Employment

Employment levels are now over 6% above pre-pandemic levels with the year-over-year change in employment stabilizing around 1% as the economy adjusts to post-pandemic conditions.

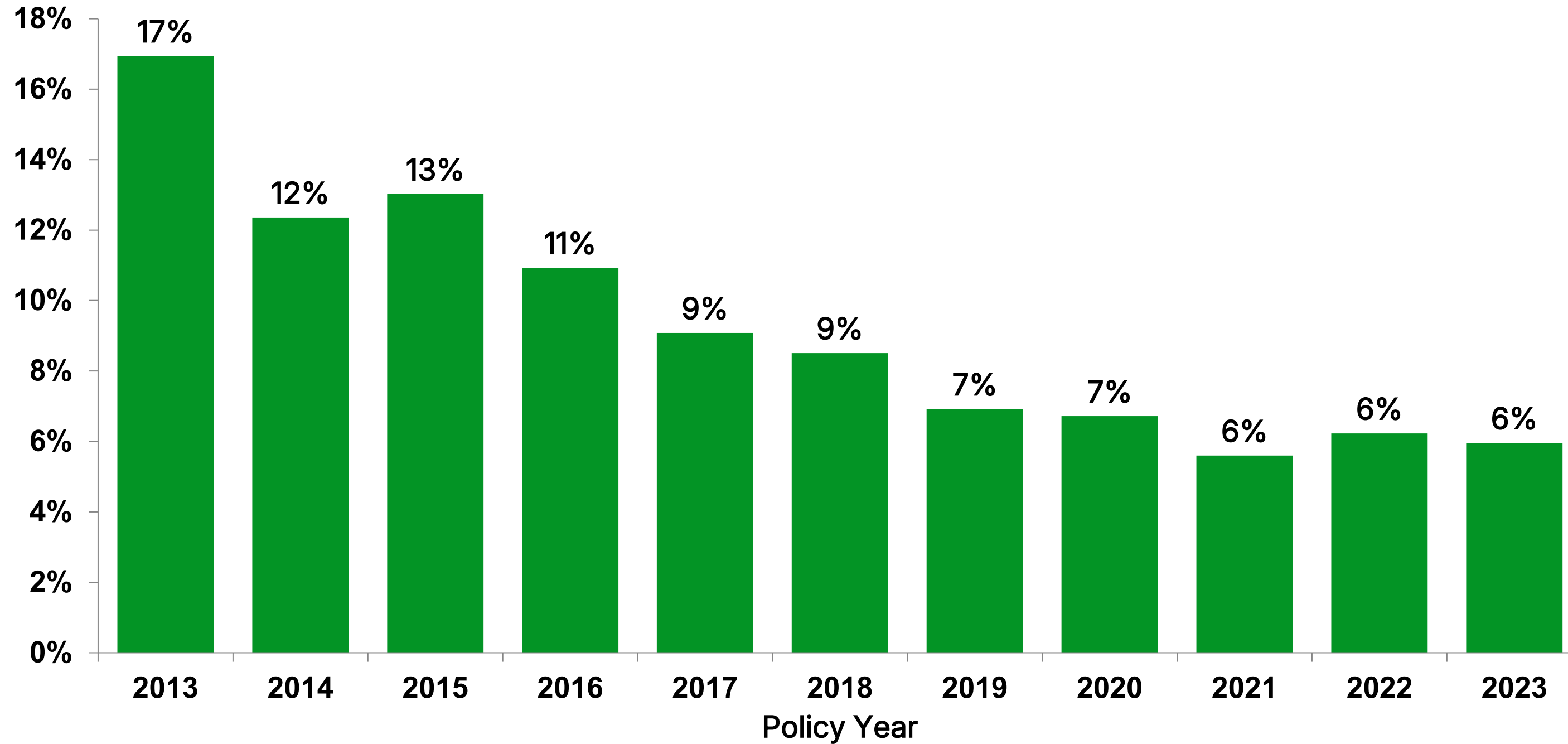


Nonfarm employment data is a critical economic indicator to gauge the overall health of the economy and its workforce given its use as the primary WC exposure base.

Source: BLS Data through 12/2025

Residual Market Share

The significant rate reductions seem to be slowing the depopulation in the Residual Market over the past 5 years. This might mark an inflection point if rates continue downward and employers are not offered coverage in the voluntary market.

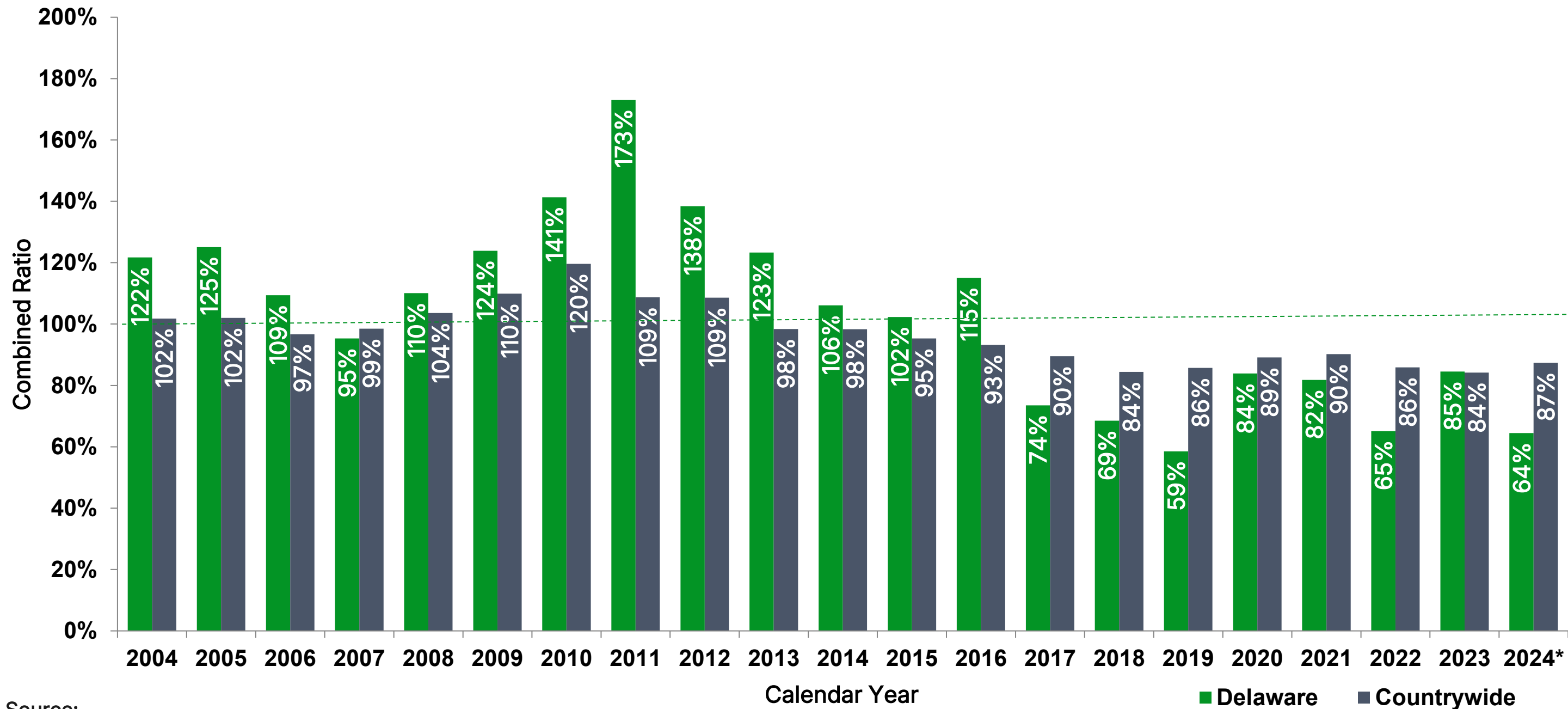


The residual market share is an indicator of the health of a state's Workers Compensation system. The overall share has been generally declining over this period.

Source: DCRB Financial Data Calls as of 12/31/2024

Combined Ratios

Volatile combined ratios continue to be observed given the size of the state, the pandemic, past legislative reforms, and older year reserve releases. Since 2017, Delaware has been below the Countrywide average, except for 2023.

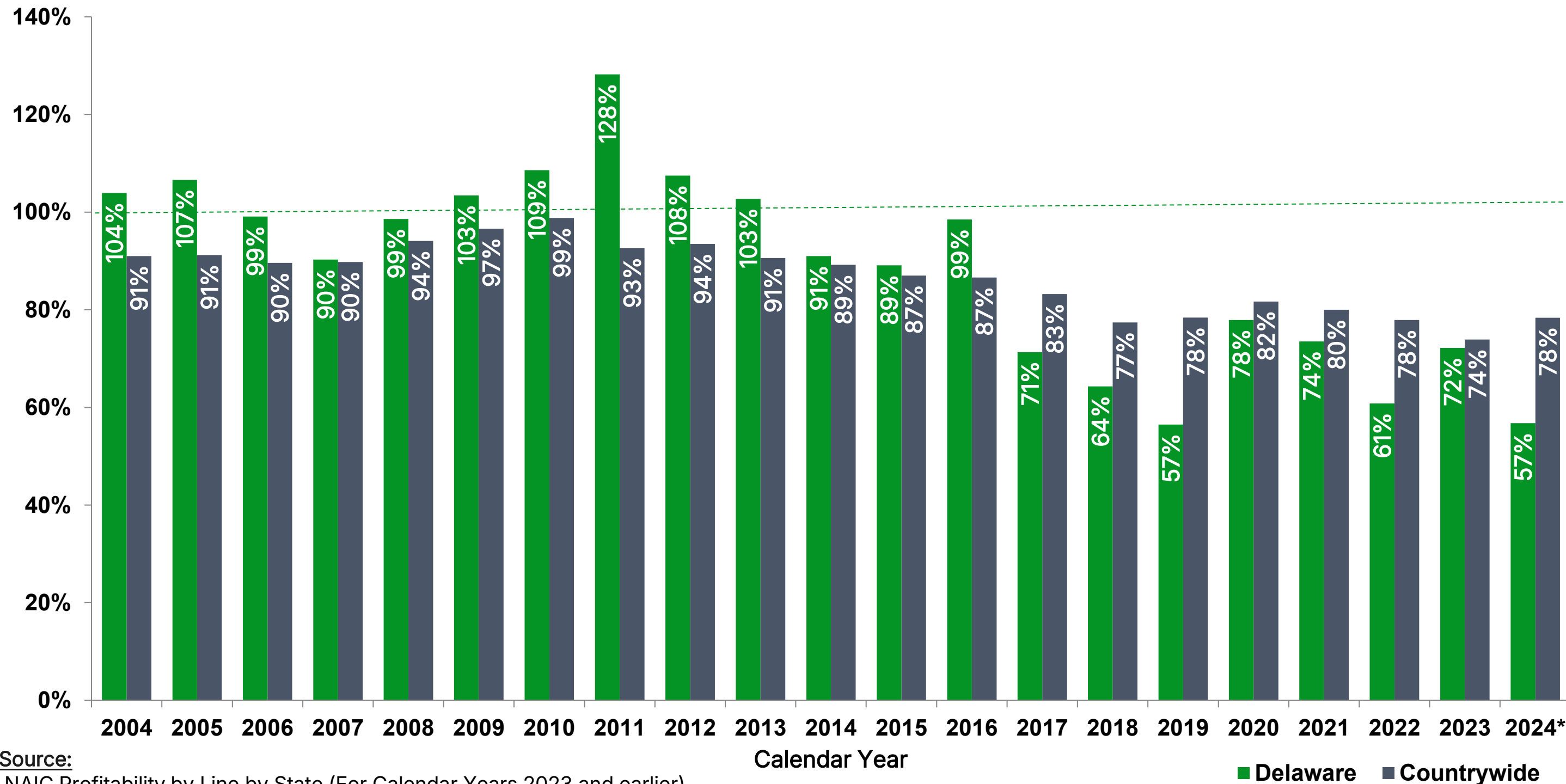


The Combined Ratio is the combination of the loss, LAE and underwriting expense ratios to premium, and does not include investment income.

Source:
 NAIC Profitability by Line by State (For Calendar Years 2023 and earlier)
 * 2024 estimated using S&P, historical averages, and other available sources

After-tax Operating Ratios

There is volatility in the year-by-year change, however since 2018 both Delaware and Countrywide have seen no discernable pattern. The Delaware operation ratios have been below the Countrywide values since 2017.



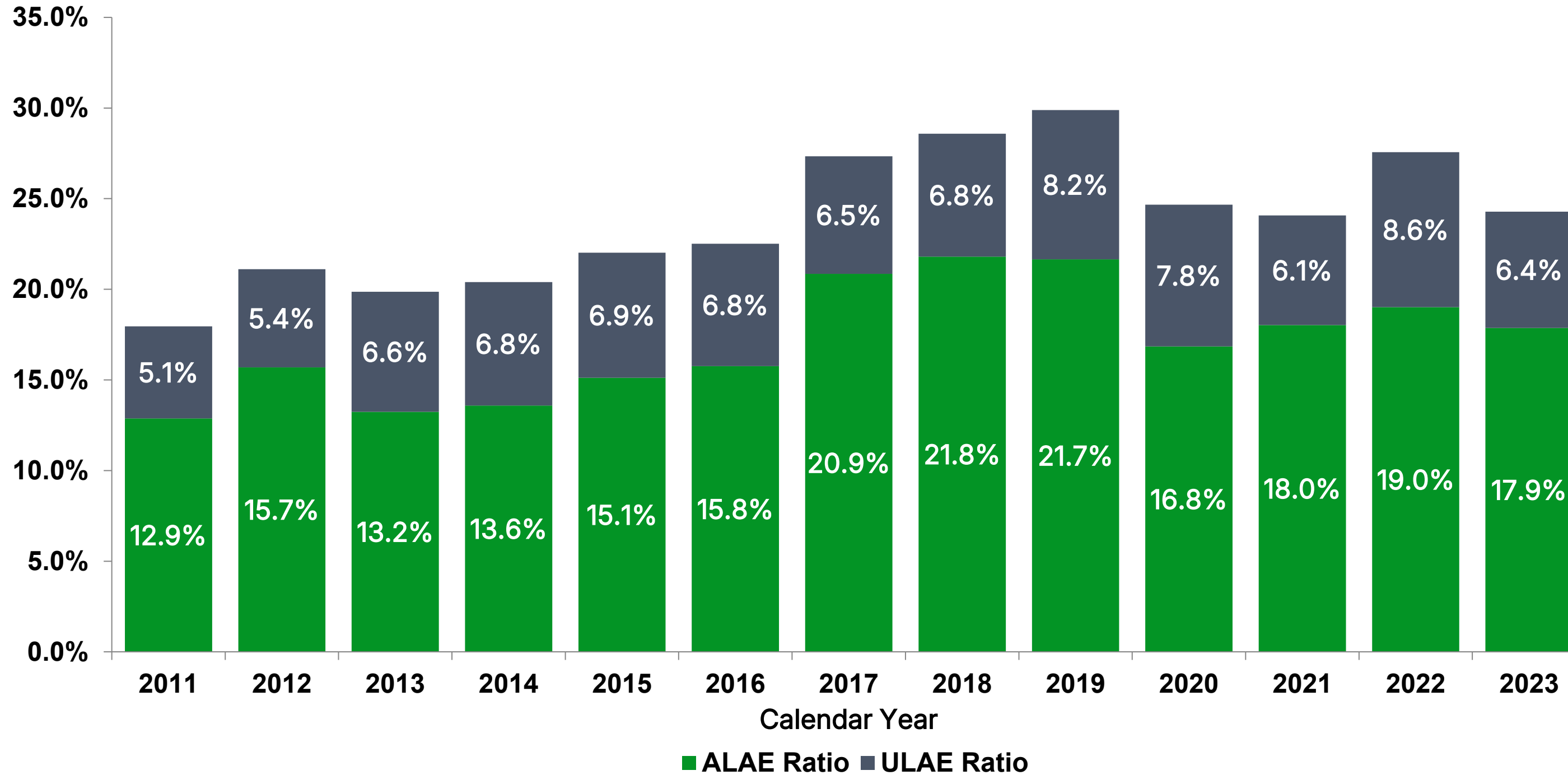
The After-tax Operating Ratio is the Combined Ratio less the Investment Gain on Insurance Transactions and a reduction for Federal Tax on Insurance Transactions.

An operating ratio of less than 100 indicates an overall operating profit.

Source: NAIC Profitability by Line by State (For Calendar Years 2023 and earlier)
 * 2024 estimated using S&P, historical averages, and other available sources

ALAE and ULAE Ratios

Loss adjustment expense (LAE) is the expense associated with investigating and settling claims. ALAE was impacted by the pandemic and has not returned to the pre-pandemic levels and remain below 20%, while ULAE has remained more stable.



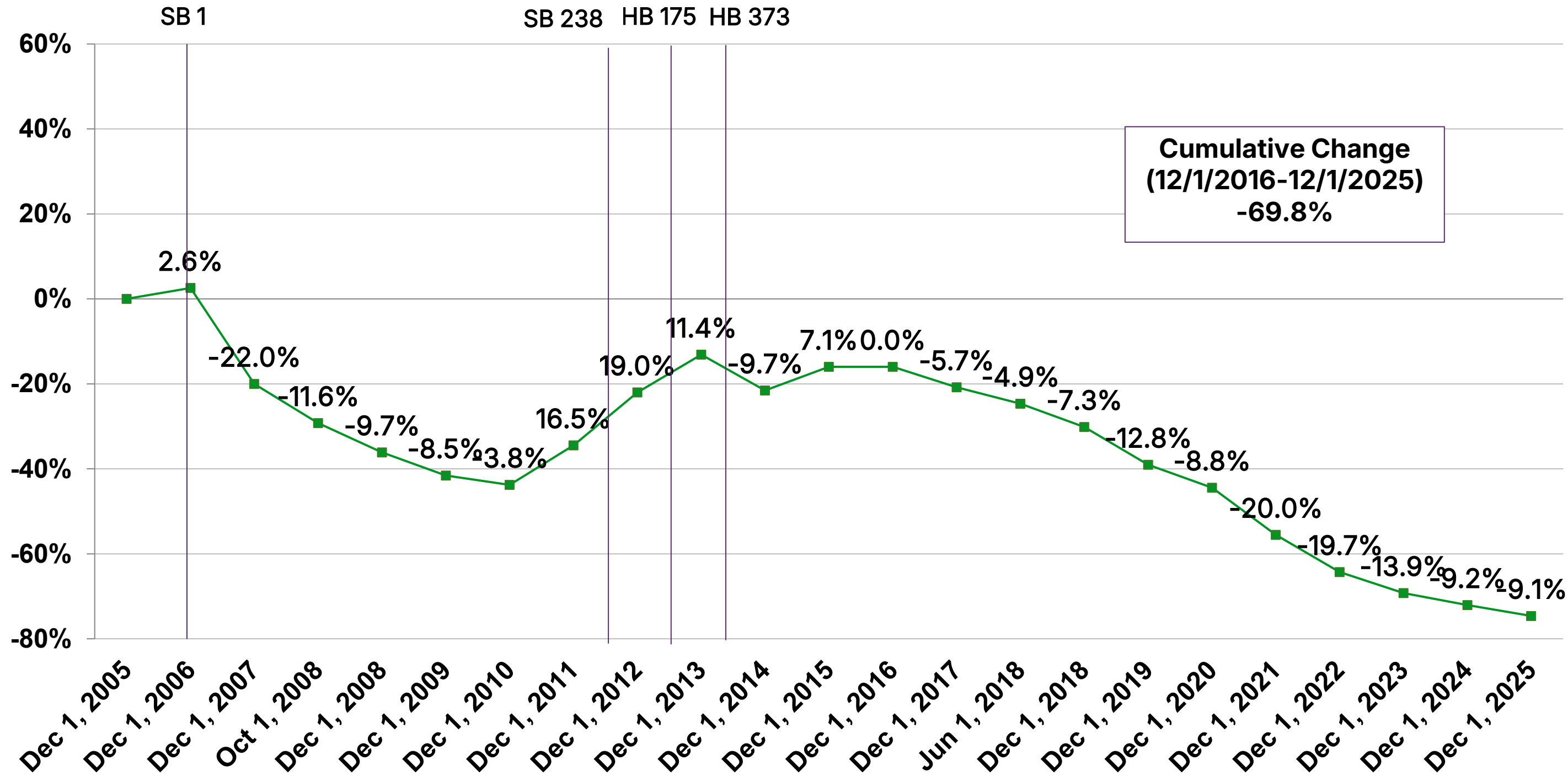
LAE is the total of the allocated loss adjustment expense (ALAE) and the unallocated loss adjustment expense (ULAE).

ALAE is the portion of LAE that can be assigned or allocated to specific claims.

Source: DCRB Financial Data Calls as of 12/31/2024
 ALAE and ULAE are ratios to Incurred Loss Including deductibles on a gross basis

Approved Loss Cost Change History

Lost Costs declined a remarkable 70% over the past 10 years driven by safer workplaces leading to consistent declines in claim frequency that were fueled by reforms.



SB1 of January 2007 - Requires fee schedule and treatment guidelines; established Health Care Advisory Panel and data collection requirement.

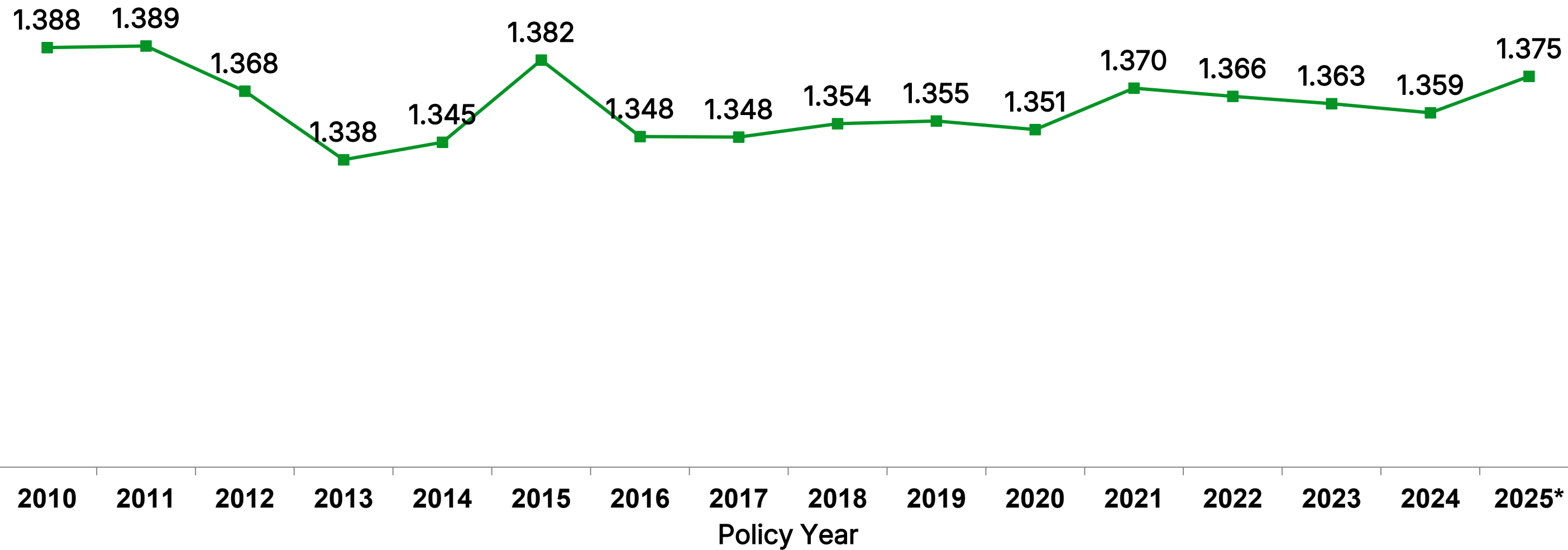
SB238 of August 2012 - Facilitates hospital and ambulatory surgery center compliance with treatment expense cost savings measures required by the WC Health Care Payment System.

SB175 of June 2013 - Expands the responsibilities and resources of the Data Collection Committee and implemented changes to the medical cost control provisions.

HB373 of July 2014 - Requires revisions to the medical fee schedule to achieve savings in aggregate medical expenses of 20% of 2014 expenses by January 31, 2015, 25% of 2014 expenses by January 31, 2016, and 33% of 2014 expenses by January 31, 2017.

Average Loss Cost Multiplier (LCM)

The Average Loss Cost Multiplier (LCM) has some year-to-year volatility, specifically prior to Policy Year 2016. Since then there has more stability in the year-to-year change. Recent loss ratio deterioration and continued rate decreases have put more upward pressure on LCMs.



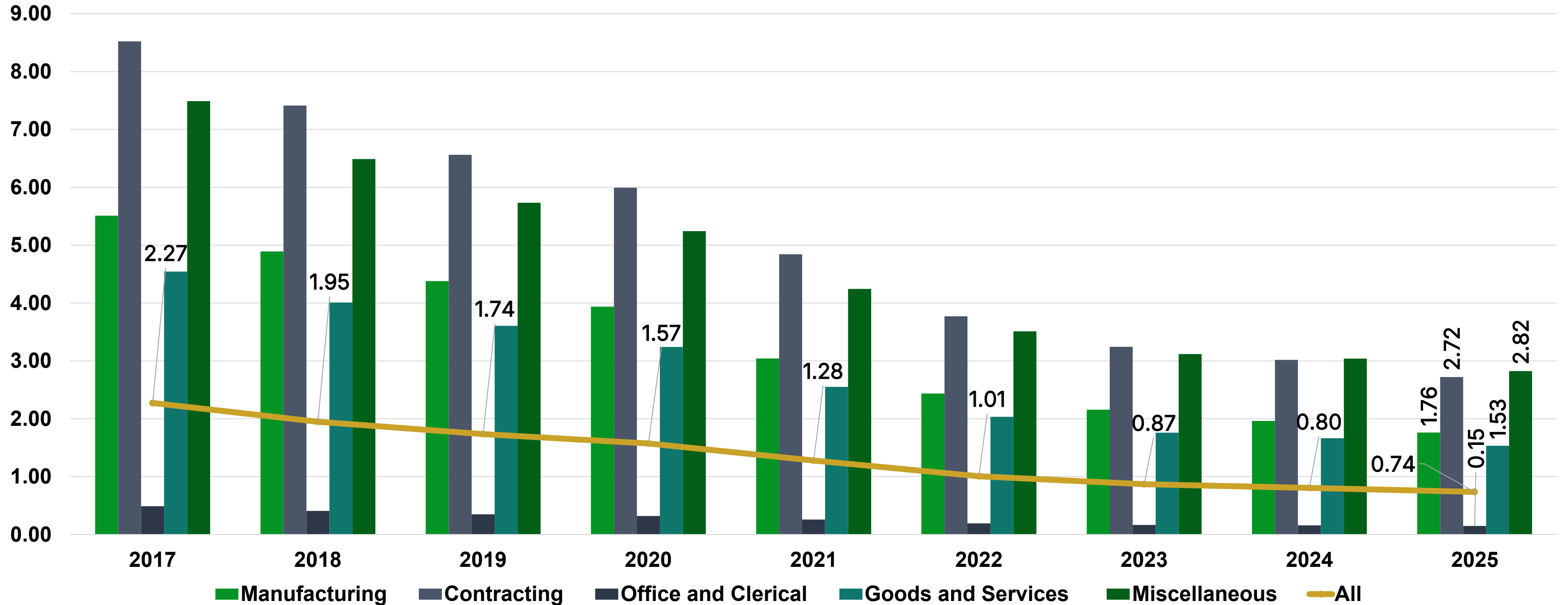
The Average Loss Cost Multiplier (LCM) is the ratio of Total Carrier Manual Premium to Total Loss Costs at DCRB Level, as reported to the DCRB. It represents the average LCM, weighted by loss costs.

Source: DCRB Market Profile Reports

* Preliminary

Average Manual Rates

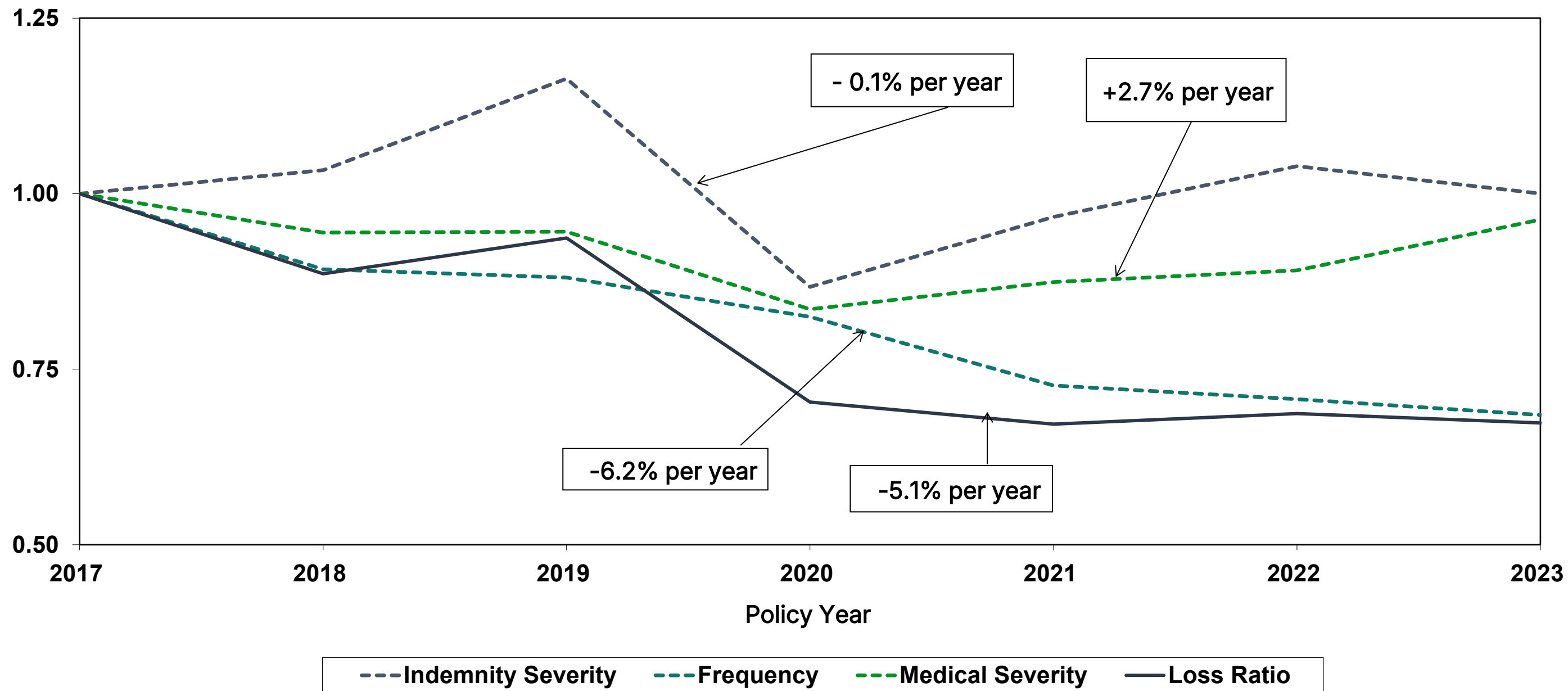
Average manual rates have consistently declined across all industry groups, consistent with the annual rate changes. Contracting and Miscellaneous has consistently been the two groups with the highest averages. Office & Clerical marks the low bound, while the other two industry groups have had similar averages the past couple of years.



Source: Annual DCRB Rate Revision
 All classes including temp staffing.

Loss Ratio Trend Components

The combined loss ratio trend at -5.1% is still driven by lower frequency trends. The indemnity trend remained relatively flat, which the medical trend remained similar to last year at 2.7%. Similar loss ratios are being observed in the more recent years. This flatter pattern is expected to be temporary since post-pandemic economic adjustments are still occurring and should re-normalize.



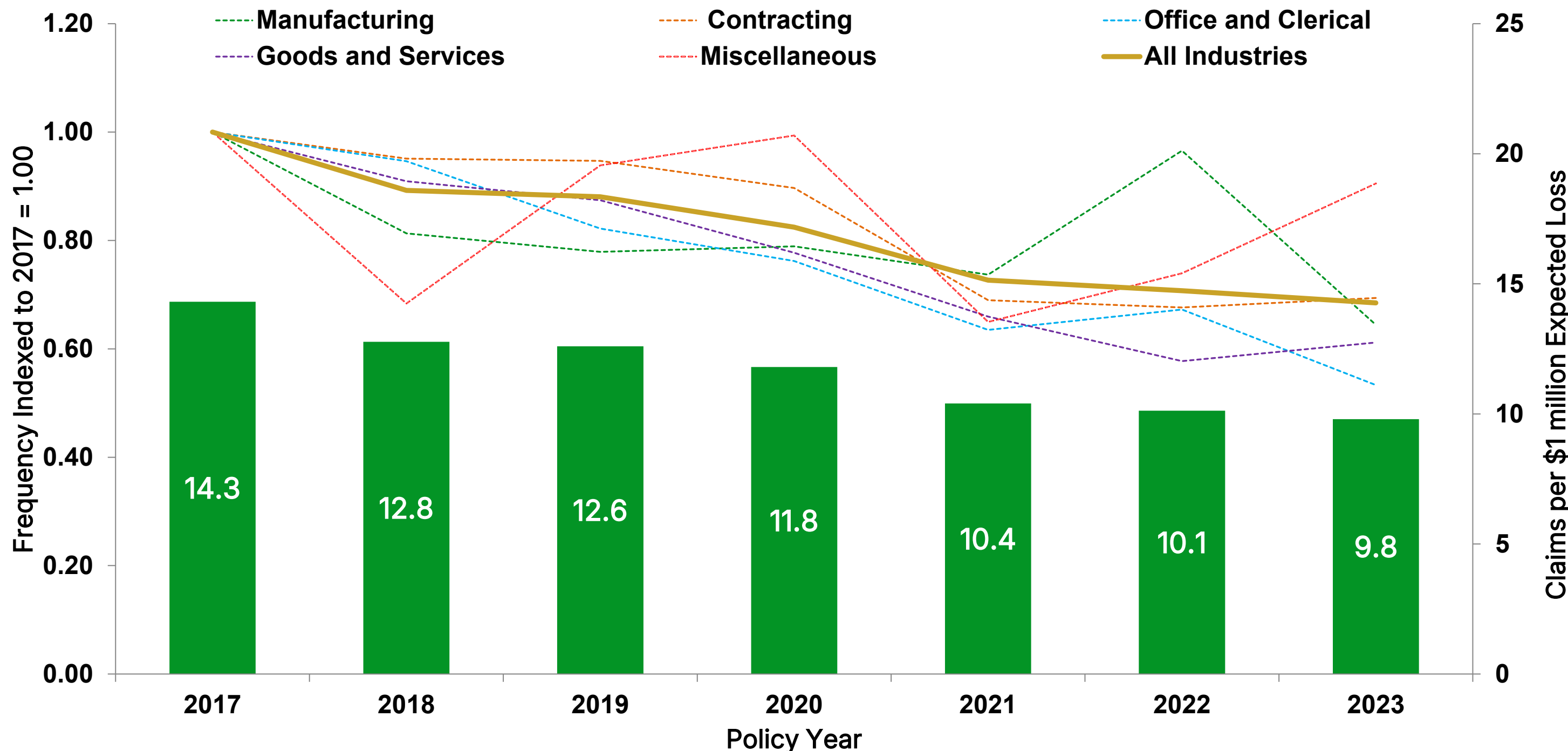
The selected frequency and severity trends consider COVID-19 impacts not yet contained in the historical data.

Average was taken of the historical medical severity trend of +1.0% (2019-2023) and the indicated CPI-U trend of 4.3% (2019-2025).

Source: DCRB 2025 Rate Revision
Indexed to 1.00 at Policy Year 2017

Frequency Trend by Industry Group

While individual industry groups show more year-to-year volatility, the overall downward frequency trends are observed in all groups driven by on-going workplace safety measures that impact all classes of business.



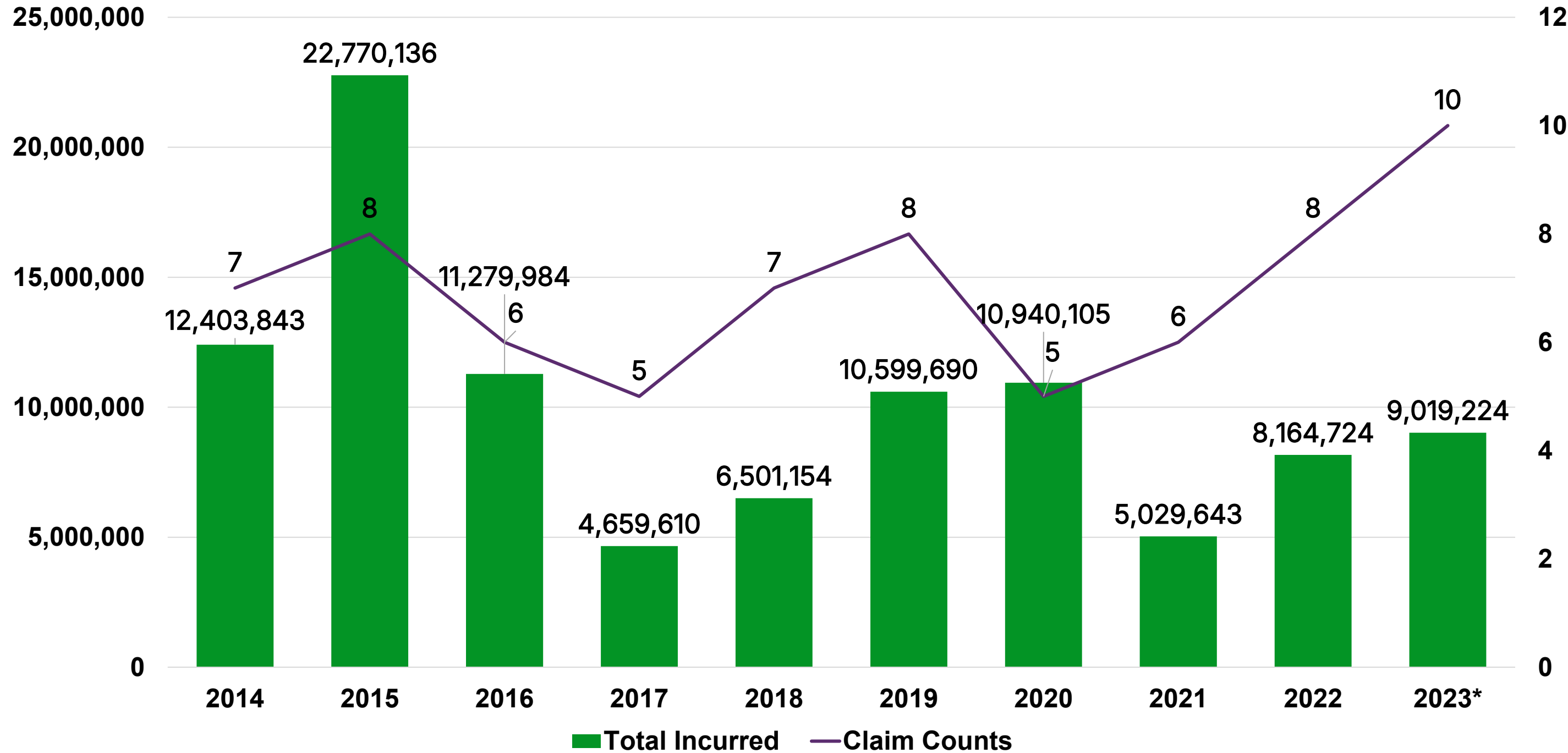
Claim frequency (excluding large deductible business) is measured by the number of ultimate claims per \$1 million of expected losses.

Decreasing frequency contributes to reductions in statewide rate levels.

Source: DCRB 2025 Rate Revision

Large Claims in Excess of \$500,000 at 1st Report

The number of large claims with losses in excess of \$500,000 have averaged 7 claims and \$10.1 million over the period. The number of large claims have been above this average the past two years, while the amounts in these years have been slightly below the average.

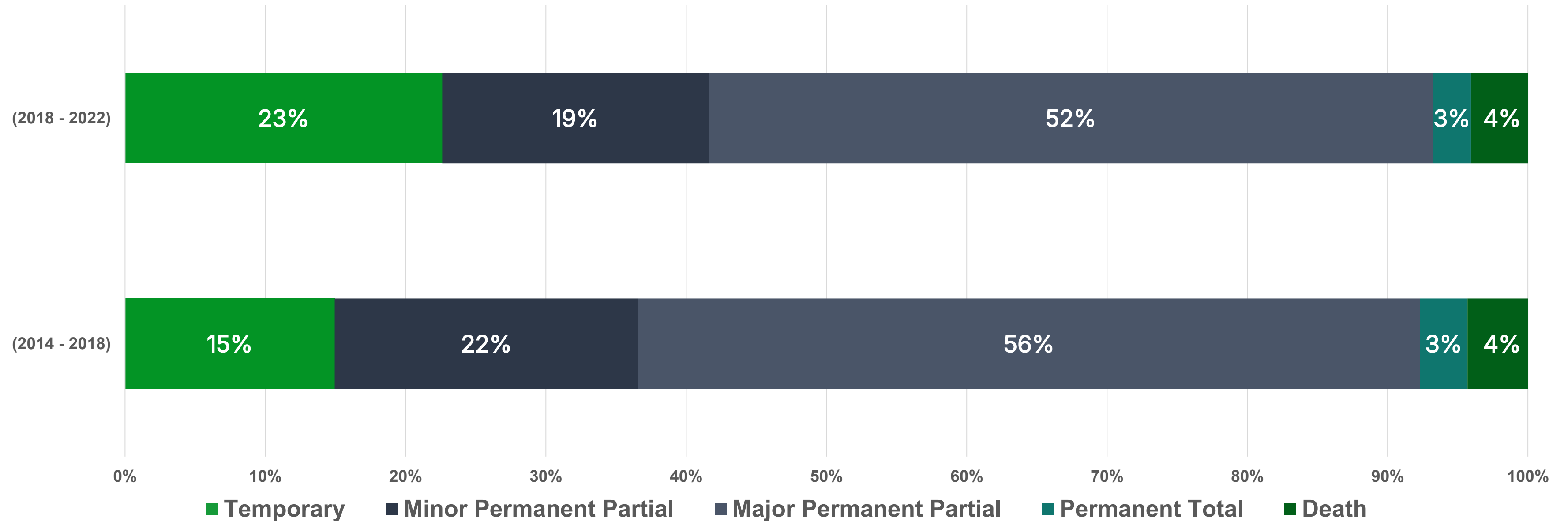


High-dollar workers compensation claims are infrequent, but the cost of these claims has a significant impact on workers compensation costs. As seen in the graph, the annual amounts from these claims are highly volatile.

Source: DCRB Financial Data Call #4

Indemnity Benefits by Type of Injury

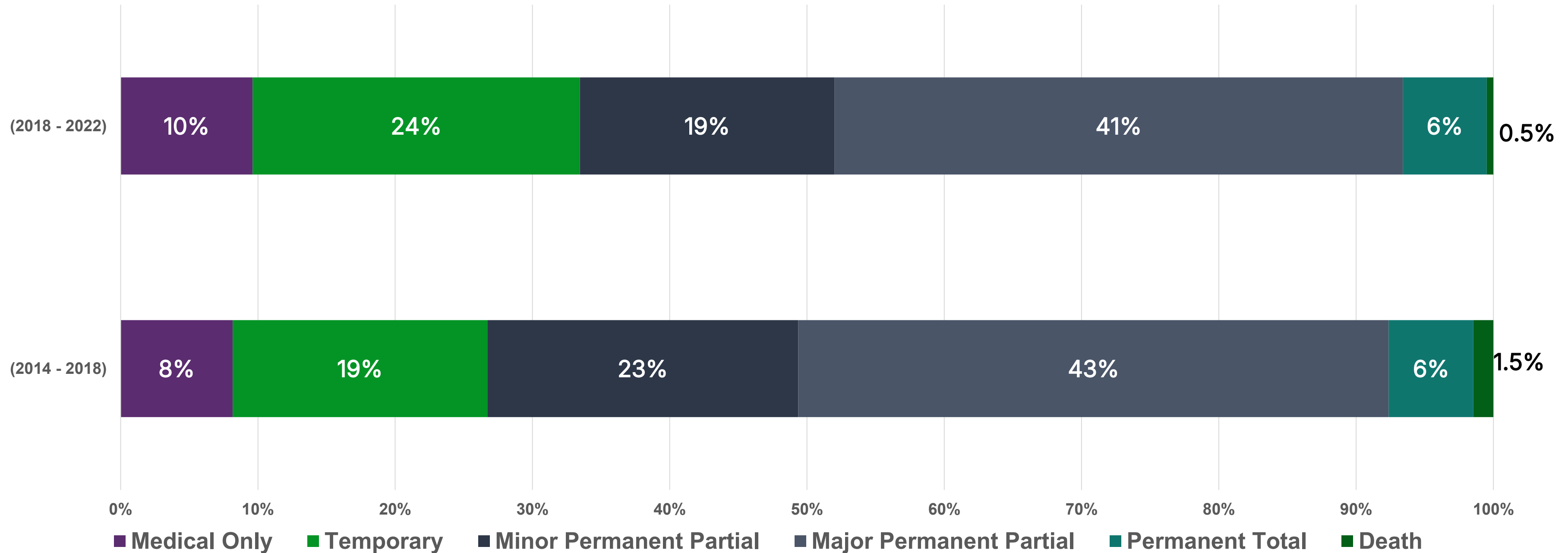
The portion of indemnity benefits attributable to Major Permanent Partial injuries decreased by 4 points and Minor Permanent Partial by 3 points, while the portion attributable to Temporary Total injuries increased by 8 points. These shifts seem primarily be related to the pandemic as there were fewer Major claims during the shutdowns. The other types of injuries exhibited smaller changes.



Source:
 2014-2018: Delaware 2021 Rate Revision
 2018-2022: Delaware 2025 Rate Revision
 * Percentages are based on losses developed to ultimate values

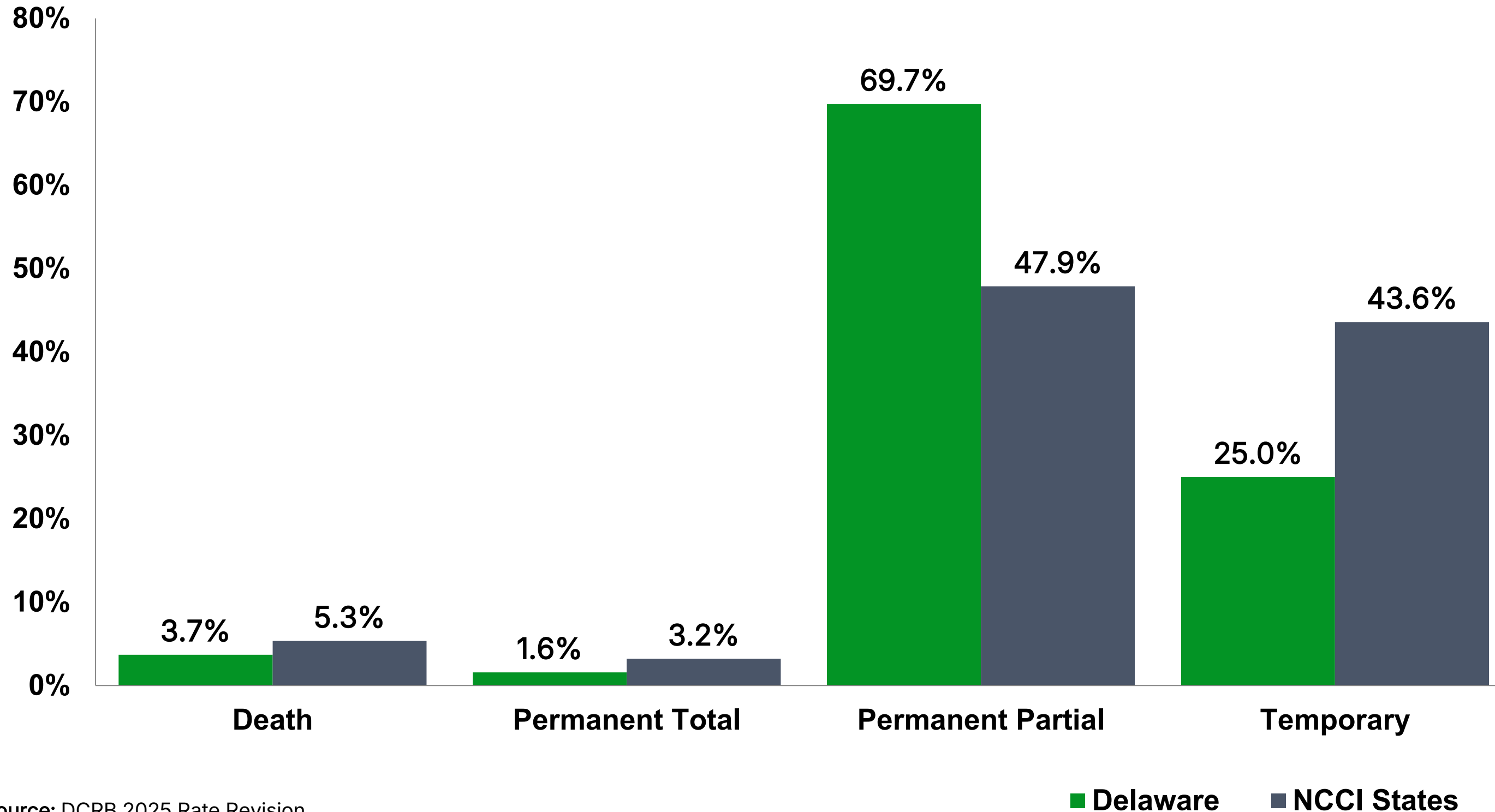
Medical Benefits by Type of Injury

Similar to Indemnity benefits, the portion of medical benefits attributable to Major Permanent Partial injuries decreased by 4 points, while the portion attributable to Temporary Total increased by 5 points. The other types of injury exhibited smaller changes.



Source:
 2014-2018: Delaware 2021 Rate Revision
 2018-2022: Delaware 2025 Rate Revision
 * Percentages are based on losses developed to ultimate values

Ultimate Indemnity Benefits by Injury Type

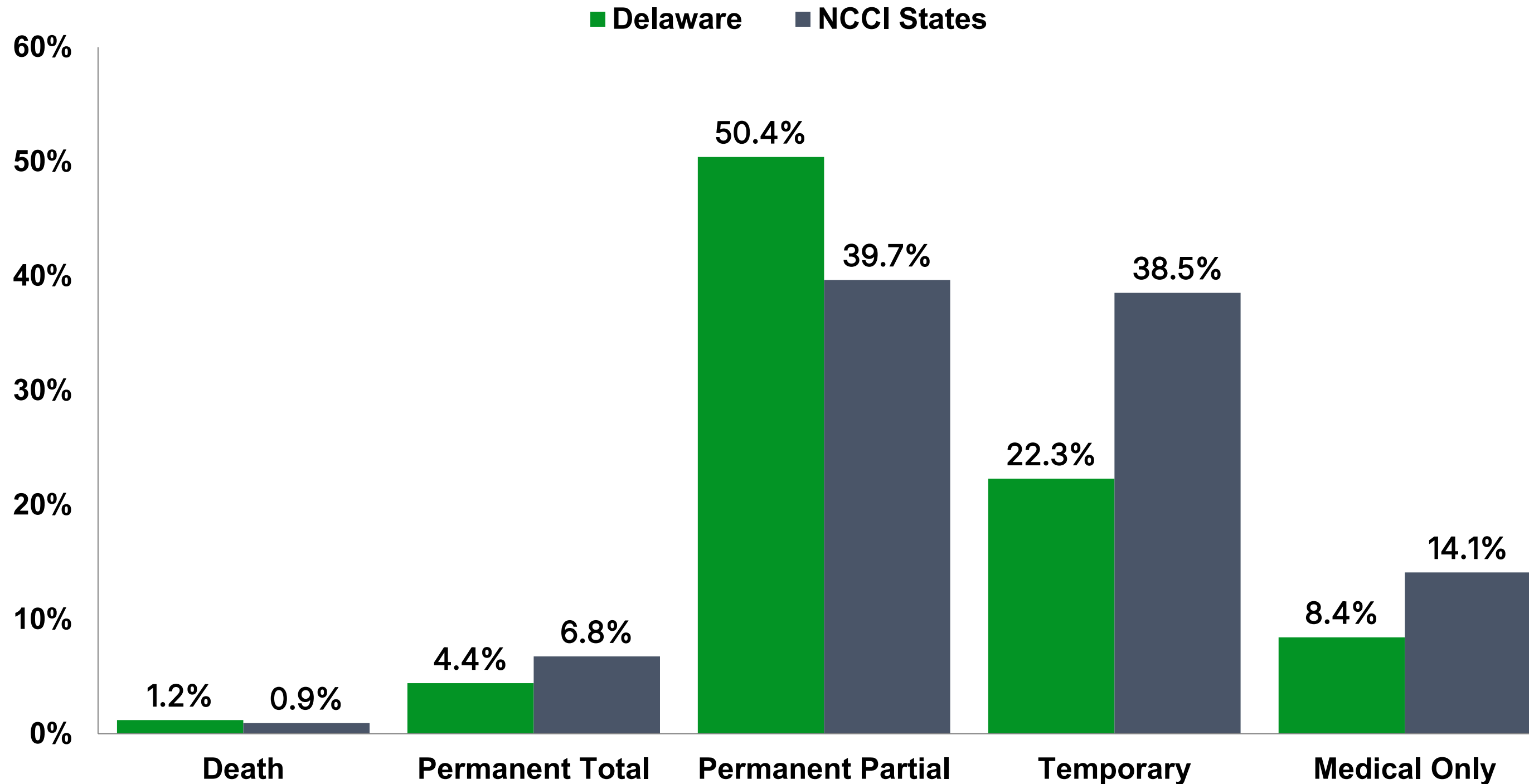


Delaware has a higher percentage of Permanent Partial benefits and a lower percentage of Temporary benefits in comparison to the NCCI states.

The higher share of benefits in permanent partial can be attributed to Delaware being a wage loss state.

Source: DCRB 2025 Rate Revision
NCCI States: 2025 Annual Statistical Bulletin

Ultimate Medical Benefits by Injury Type



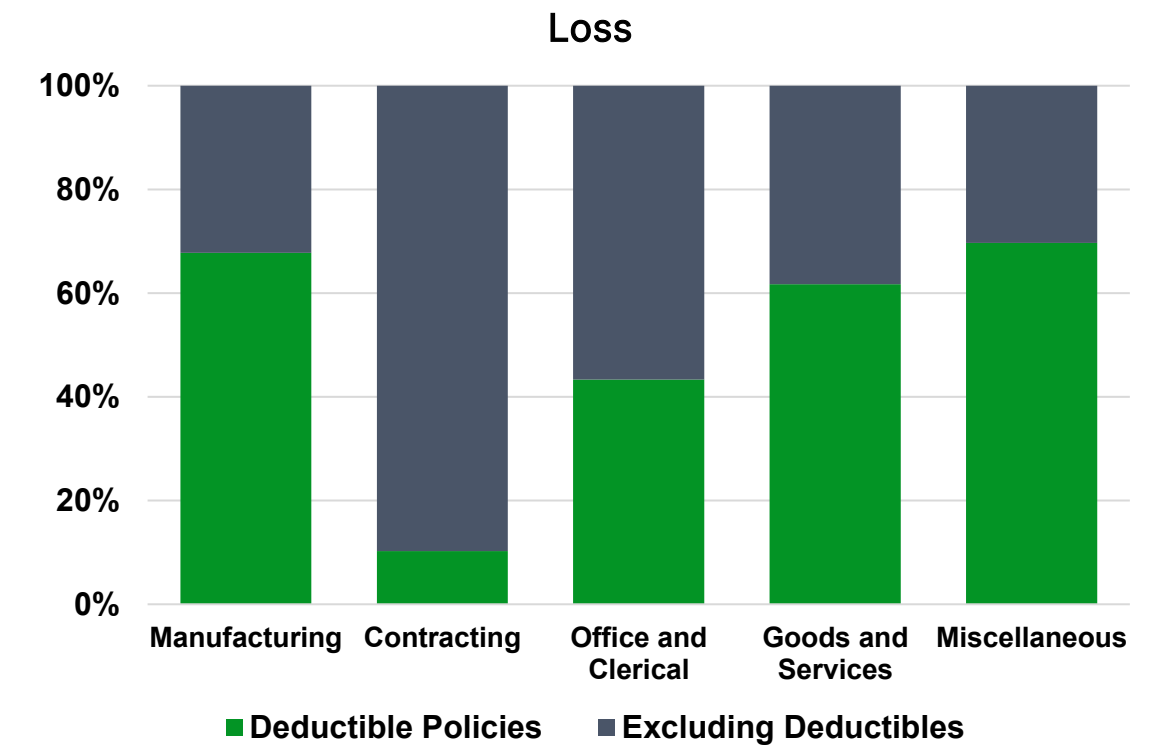
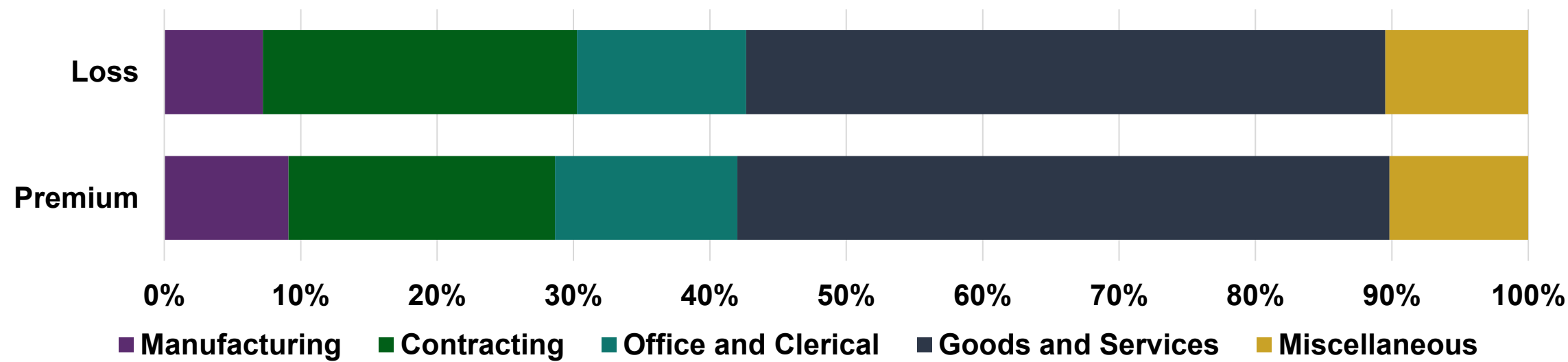
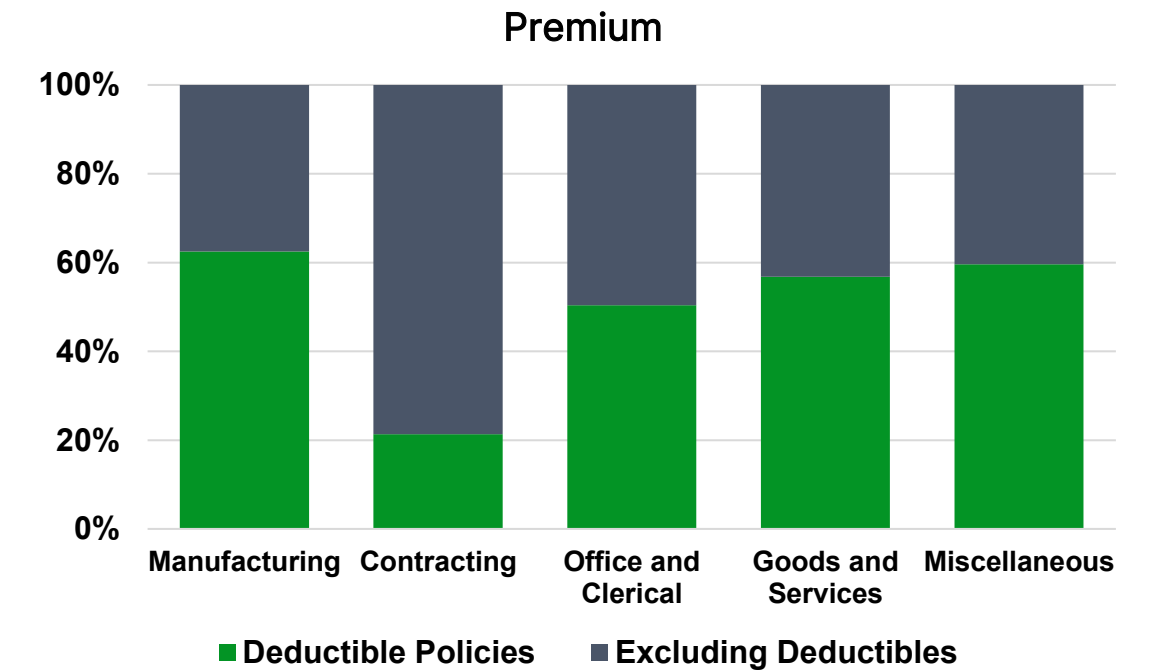
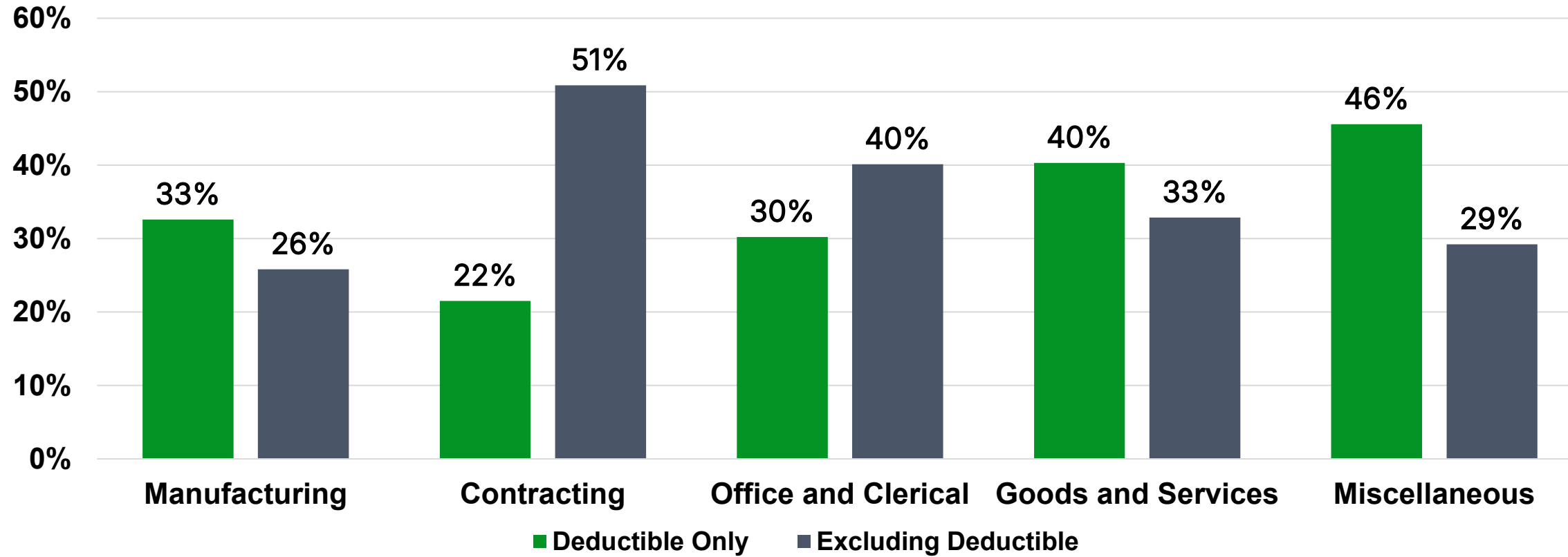
The largest component of medical costs is payments for Permanent Partial injuries at 50% in Delaware.

When compared to NCCI states, Delaware has much lower Temporary and Medical Only claims costs.

Source: DCRB 2025 Rate Revision
NCCI States: 2025 Annual Statistical Bulletin

Loss Ratios by Industry Group

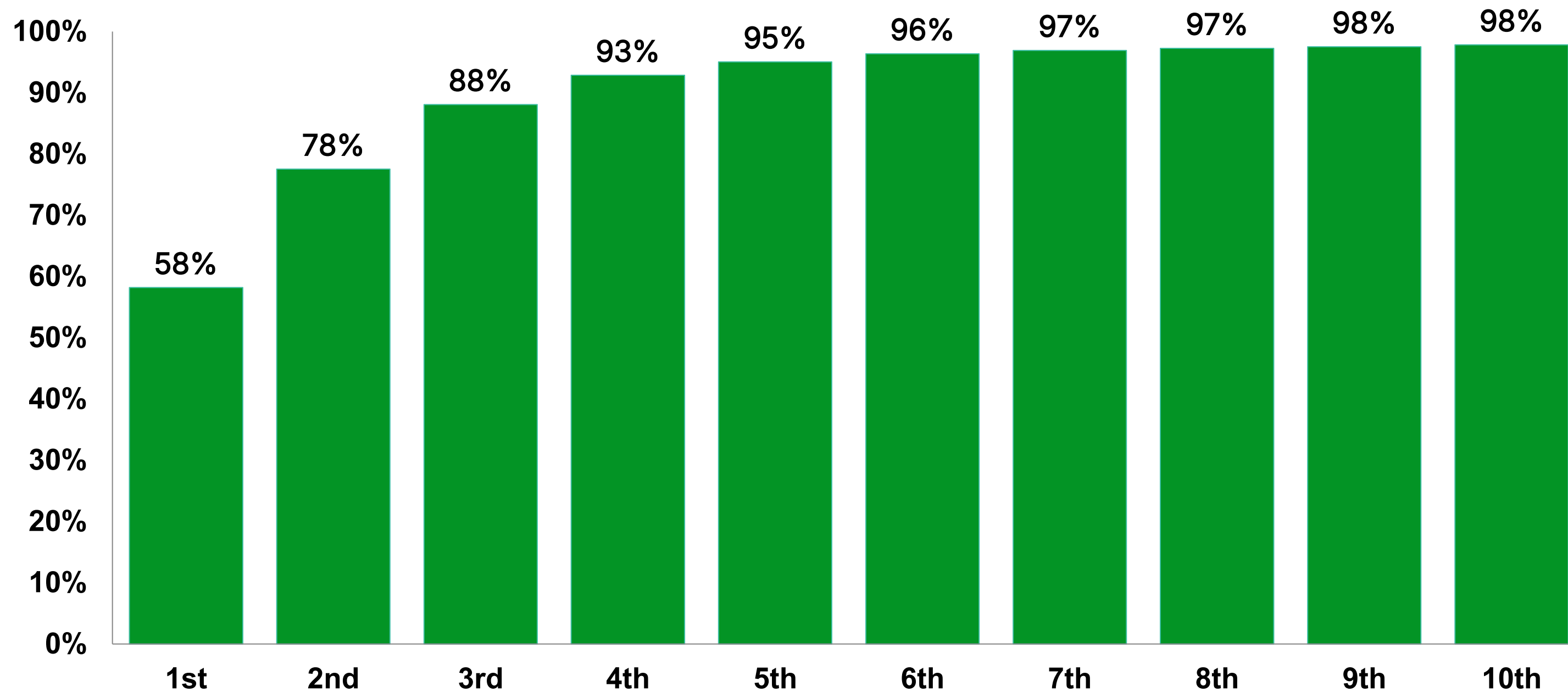
Loss Ratio



Source: DCRB 2025 Rate Revision, Policy Year 2022

Portion of Reported Indemnity Claims Closed

The percentage of indemnity claims that are closed at each report level indicates that approximately 22% remain open at the 2nd report, and only 5% of these claims remain open at 5th report.

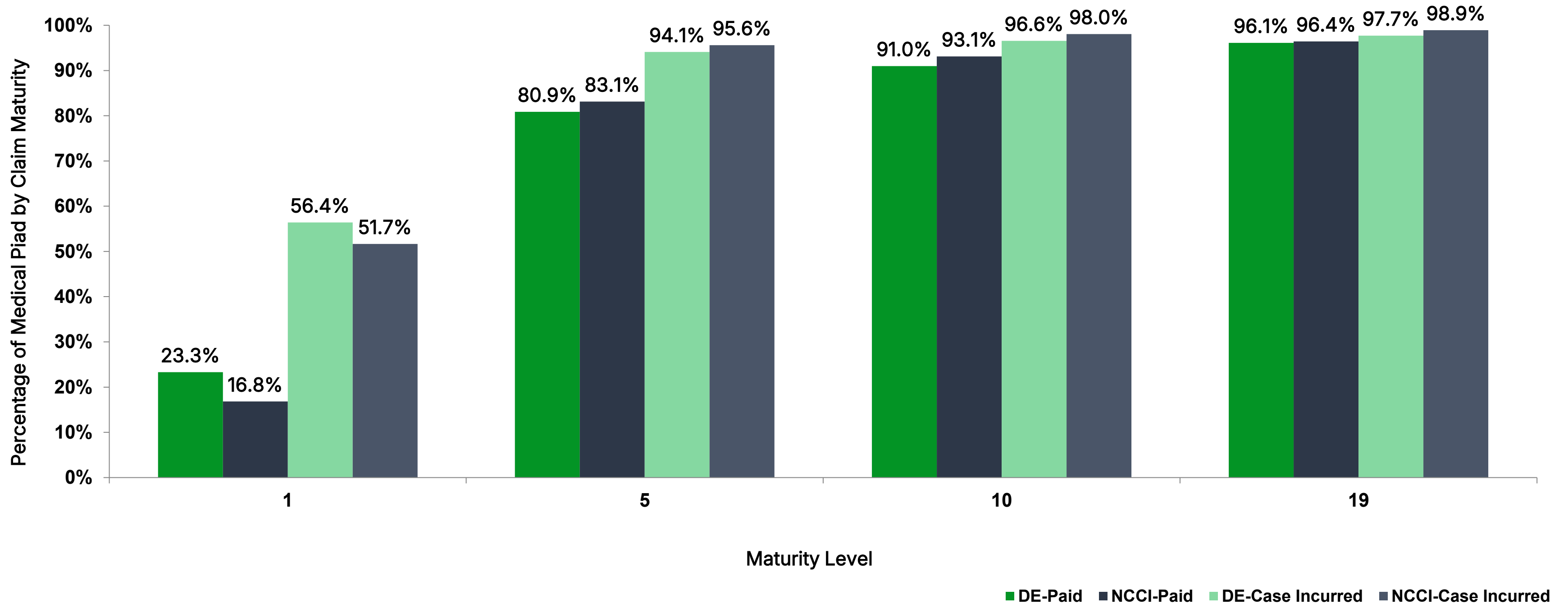


Claims close relatively similar to countrywide. The rate at which claims are settled impacts the ultimate claim costs.

Source: DCRB 2025 Rate Revision

Portion of Ultimate Indemnity Loss by Claim Maturity

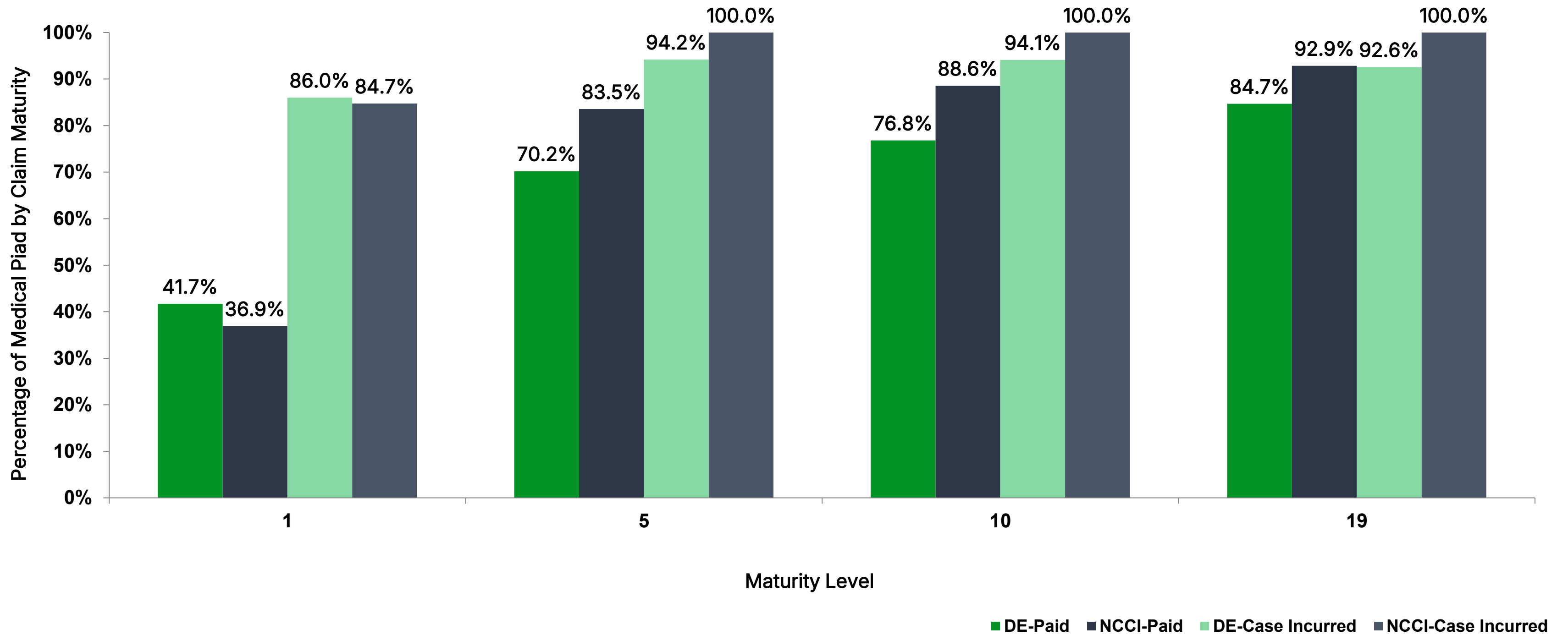
Supporting relatively similar claim closures, the percentage of indemnity losses are close to industry averages.



Source: DCRB 2025 Rate Revision, on a Policy Year basis
 NCCI States: April, 2026. Annual Statistical Bulletin, Interim Exhibits, on an Accident Year basis

Portion of Ultimate Medical Loss by Claim Maturity

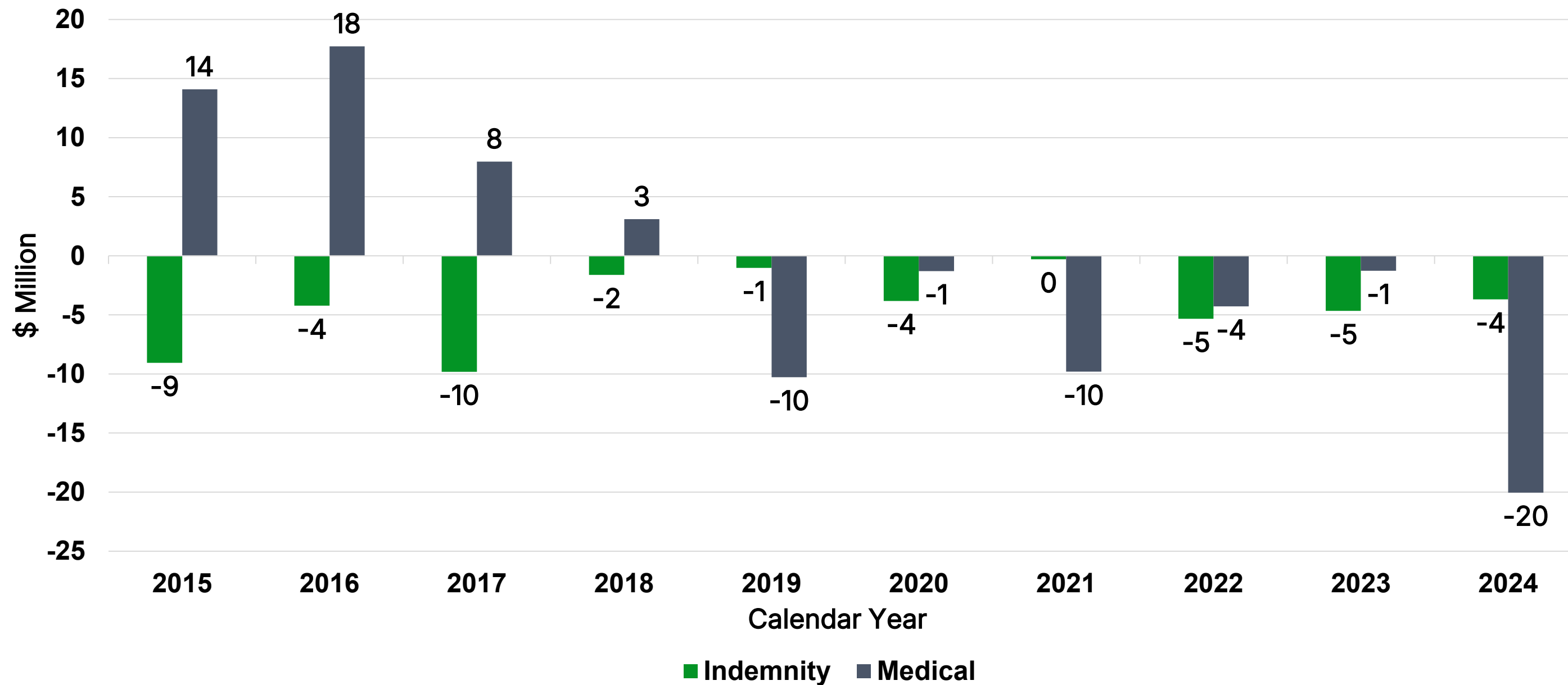
On the other hand, medical payments are relatively faster in the earlier maturities and slower in the later periods compared to industry data.



Source: DCRB 2025 Rate Revision, on a Policy Year basis
 NCCI States: April, 2026. Annual Statistical Bulletin, Interim Exhibits, on an Accident Year basis

Case Reserve Changes

Following HB 373, which reduce medical fees by 33% between 2015 and 2017, medical case reserve changes fell sharply from the peak in 2016. In calendar year 2024, indemnity case reserve changes were stable, while medical case reserves declined across most years, and particularly in the older policy years.

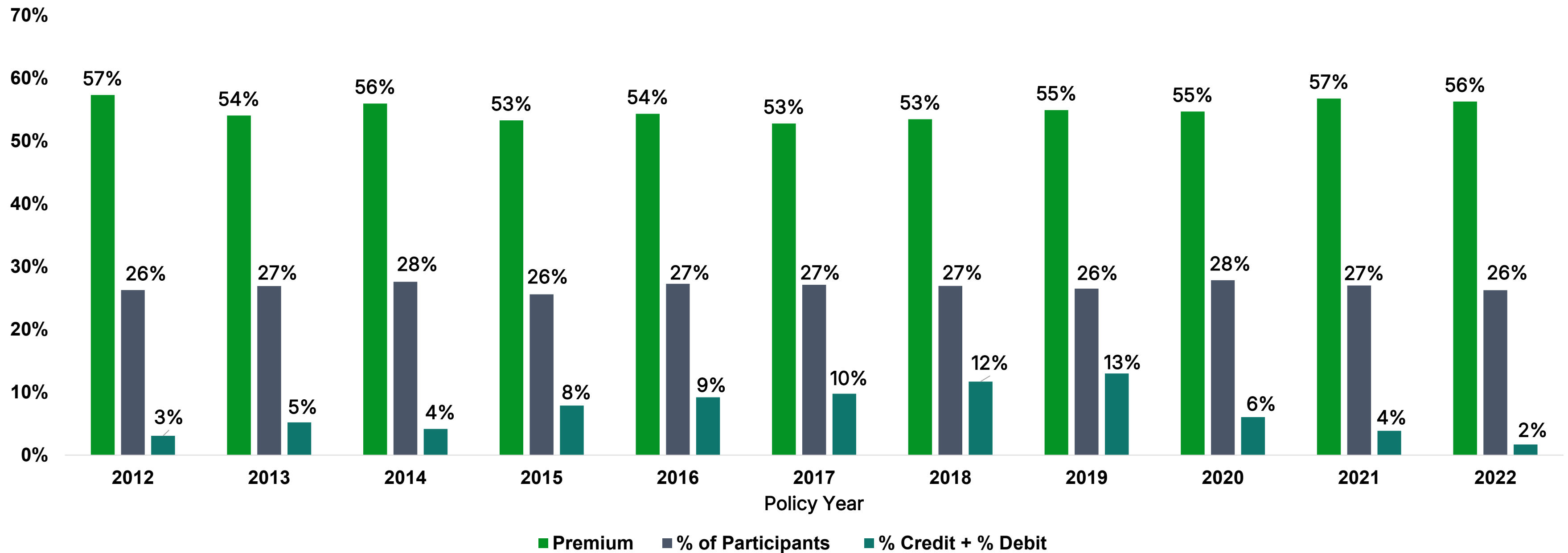


Case reserves are defined as the sum of the values assigned to specific known claims as of the evaluation date. These do not include any bulk or IBNR reserves.

Source: DCRB Financial Calls

Schedule Rating Plan

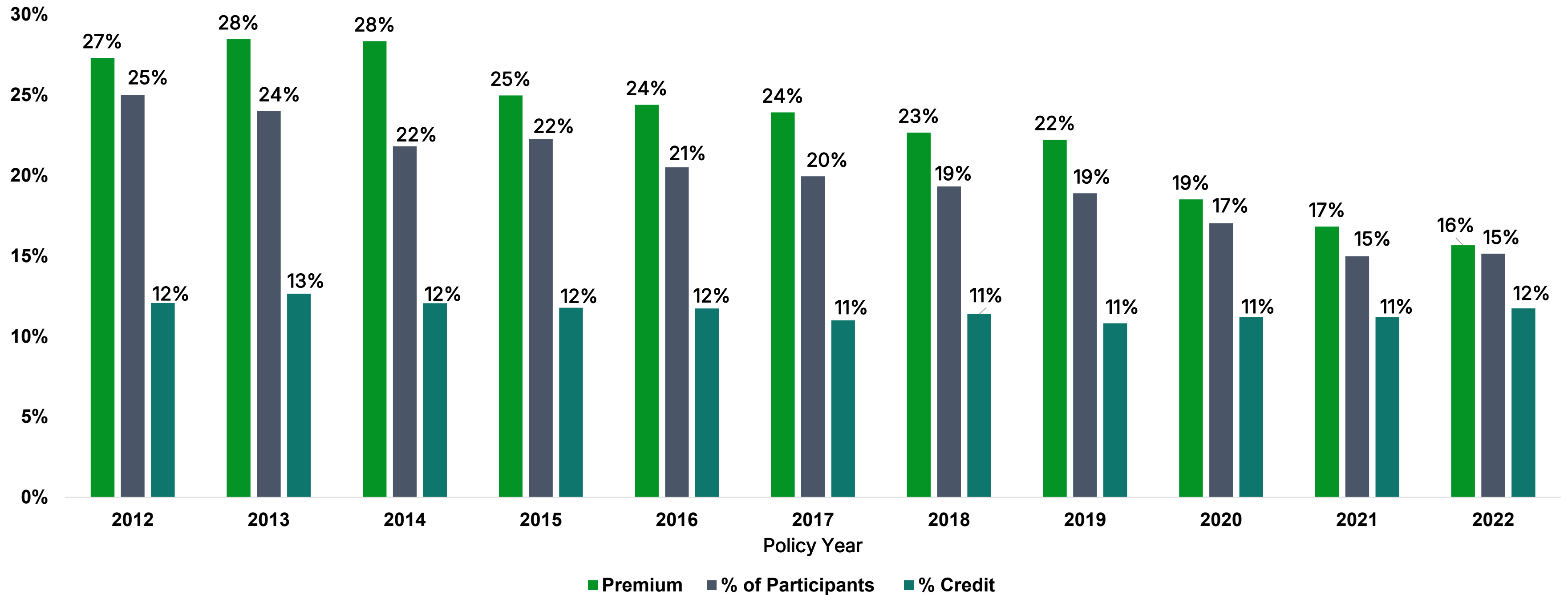
About 56% of eligible standard premium is subject to schedule rating with roughly 26% of policies using schedule rating consistently over time. The average schedule credit has ranged from 3% and 13% and is currently at one of its lowest levels.



Source: DCRB Unit Statistical Data

Workplace Safety Program

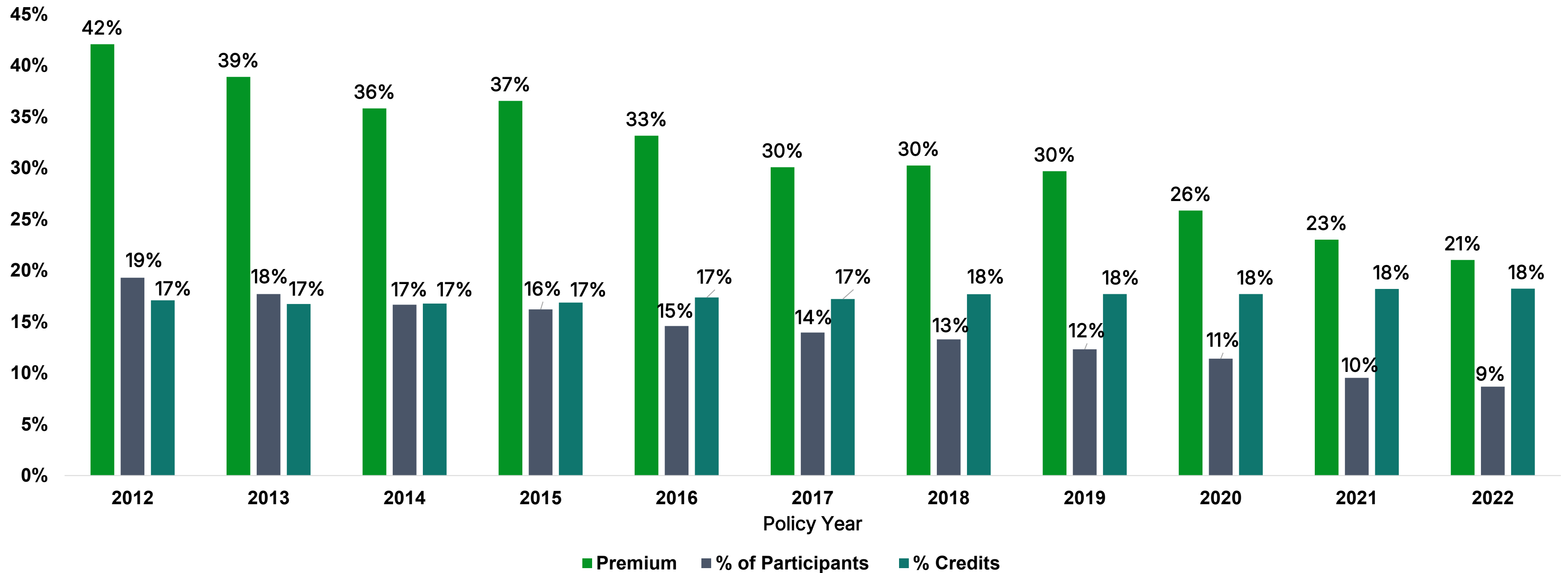
The percentage of employers participating has generally decreased with 15% of eligible employers representing 16% of eligible premiums in the program. The average credit provided to participating employers has been approximately 12% in recent years.



Source: DCRB Unit Statistical Data

Construction Classification Premium Adjustment Program

Only 9% of eligible employers participated, representing 21% of eligible premium. Both participation rates and premium share have declined, while the average program credits have been steady at 18%.



Source: DCRB Unit Statistical Data

OUR MISSION

To provide objective, accurate, and valuable statistical and actuarially based information, marketplace knowledge, research, and rating plans fundamental to a healthy workers' compensation system.

CONTACT

Delaware Compensation Rating Bureau (DCRB)
30 S. 17th St., Ste. 1500
Philadelphia, PA 19103
www.dcrb.com | 302-654-1435

EST. 1917

