

**DELAWARE COMPENSATION RATING BUREAU, INC.
RULES OF PROCEDURE FOR APPEALS OF RATING SYSTEM**

A. Any person, corporate or otherwise, aggrieved by an application of the rating system of the Delaware Compensation Rating Bureau, Inc. ("the Bureau"), as approved by the Insurance Commissioner pursuant to Title 18, Chapter 26 of the Delaware Code, may appeal such application to the Bureau in accordance with this Procedure. "Rating system" is defined herein to include but is not limited to the following: the assignment by the Bureau of an individual business to a particular classification, the continuation or discontinuation of an entity's(ies)' previous experience to the experience rating of new ownership, revision of losses used in a business' experience modification or merit rating, an individual business' eligibility for and/or the percentage of credit under the Delaware Construction Classification Premium Adjustment Program, the discount or surcharge applied to a business eligible for the Merit Rating Plan, the percentage credit for a business eligible for the Delaware Workplace Safety Program or any other workers compensation insurance pricing program filed by the Bureau with the Insurance Commissioner. The aggrieved party must commence any appeal of an application of the rating system within 12 months of the policy period in which the application was made by filing an appeal directly with the Bureau in accordance with this Procedure, except for an appeal for revision of losses used in a business' experience modification or merit rating which shall be governed by the specific Revision of Losses provisions of Sections 6 and 7 of this Manual.

B. An aggrieved party to which the rating system is found on appeal by the Committee to have been improperly applied as of the time of the aggrieved party's appeal to the Bureau in accordance with this Procedure may have such application amended effective only for the policy currently in effect at the time the aggrieved party first submitted its appeal to the Bureau in accordance with Paragraph F hereof and for the immediately preceding expired policy. In the case of a multiple year policy application of the rating system may be amended effective only for the policy year currently in effect at the time the aggrieved party first submitted its appeal to the Bureau in accordance with Paragraph F. hereof and for the policy year expiring no more than 12 months prior to such appeal to the Bureau.

C. An aggrieved party for which application of the rating system is revised as a result of a change in the Bureau's interpretation of the rating system approved for use by the Insurance Commissioner may have such application amended effective as of the date determined by the Bureau's Classification and Rating Committee, which date may be prospective or retroactive as determined by the Committee; provided, however, that any retroactive effect shall not exceed the time period authorized in Paragraph B hereof.

D. An aggrieved party for which application of the rating system is revised pursuant to a change to the rating system filed by the Bureau and approved for use by the Insurance Commissioner may have such application amended effective only upon the aggrieved party's first normal policy anniversary date on or later than the

effective date of the change to the rating system approved by the Insurance Commissioner.

E. Nothing in this Procedure shall permit an aggrieved party for which application of the rating system is revised on a new and renewal basis only to have such application amended effective before the aggrieved party's first normal policy anniversary date effective on or later than the effective date of the change to the rating system approved by the Insurance Commissioner.

F. An aggrieved party who wants to appeal an application of the rating system must first submit a written request for review thereof to the Bureau, together with all information in support of its appeal. The Bureau staff shall review the request and supporting information. To make certain the facts of an appeal are fully agreed upon by the Bureau and the appellant, the Bureau staff may make written inquiries to the appellant and/or (as circumstances warrant) visit the appellant's Delaware workplace(s). The Bureau shall notify the appellant in writing that staff's Paragraph F. review has been completed and that this letter is the Bureau's final decision. If the appellant is still aggrieved by the rating system application following the Bureau staff's review and final decision, the appellant shall have the right to present its appeal to the Bureau's Classification and Rating Committee in accordance with the provisions of this Procedure. A further appeal by an appellant of the Classification and Rating Committee decision may be taken to the Insurance Commissioner pursuant to Title 18, Section 2614 of the Delaware Code only after the appellant has first exhausted its rights pursuant to this Procedure.

G. Any party aggrieved by a final decision of the Bureau staff pursuant to Paragraph F shall have the right to appeal to the Classification and Rating Committee of the Bureau. Any Committee member having a direct pecuniary interest in the aggrieved party's appeal shall recuse its representative from the appeal proceeding. Such appeal must be received by the Bureau no later than 90 days from the date of the Bureau staff's final decision referred to in Paragraph F.

H. All appeals pursuant to Paragraph G hereof must be filed with the Bureau and must meet the following requirements:

1. The appeal must be in writing.
2. The appeal must set forth in detail the nature of the complaint, all reasons for believing the Bureau decision to be in error, all documents in support of the appeal, the specific nature of the relief desired, and that the aggrieved party or its designated representative will appear before the Classification and Rating Committee at a to-be-determined hearing date. The Bureau urges the aggrieved party to appear before the Committee, as the aggrieved party is better able to respond to any questions the Committee may have regarding the aggrieved party's business operations than a designated representative.

3. In the event an appeal does not fulfill the requirements of Paragraph H. 2. hereof the Bureau shall make a written request for the needed additional information from the aggrieved party who shall have 30

days to comply. Upon a written showing by the aggrieved party that the requested additional information cannot be provided within 30 days, the Bureau may grant an extension consistent with the circumstances. If the requested additional information is not submitted within the specified time period as extended, the appeal shall be dismissed.

I. Following receipt of an appeal to the Classification and Rating Committee, the Bureau will notify the appellant of the time and place in Delaware of the Classification and Rating Committee meeting at which the matter shall be heard. The appeal shall be dismissed if an appellant, after due notice pursuant to Paragraph M. hereof, fails to be present or represented at three such scheduled hearings.

J. The procedure at the hearing shall be as informal as possible and shall provide for the following steps:

1. The Chairman of the Classification and Rating Committee shall introduce the appellant to the Classification and Rating Committee.

2. The appellant may at its option make an oral presentation of its case or may rely solely upon the written material previously submitted to the Bureau in connection with the appeal.

3. Bureau staff members or consultants to the Bureau may present testimony and other information to the Committee relating to the matter under consideration.

4. The appellant or the Bureau may also present witnesses and documentary evidence relevant to the appeal, and the appellant and the Bureau shall have the opportunity to direct questions to any witness who has testified before the Committee on appeal.

5. After all testimony and other evidence have been presented, the hearing shall be declared closed by the Chairman of the Committee. Such hearing may in the discretion of the Committee be reopened at any time prior to the Committee's decision.

6. After the hearing is closed, the Committee shall arrive at its decision in executive session.

7. The decision shall be set forth in writing, shall specify all factual and other bases for the decision and shall be sent to the appellant no later than thirty (30) days after the hearing.

8. The decision shall be included in the minutes of the meetings of the Classification and Rating Committee and retained in the records of the Bureau.

9. The minutes of the Classification and Rating Committee shall be kept by the Bureau staff. As hearings before the Classification and Rating Committee are as informal as possible, there shall be no stenographic, audio or video record thereof.

10. If travel is required for the aggrieved person to be heard by the Classification and Rating Committee in person, the aggrieved person will be reimbursed for travel expenses in the same manner as members of the Classification and Rating Committee.

K. An appellant is not required to be represented by an attorney at any stage in any proceeding. However, an appellant has a right at the appellant's expense to be represented by an attorney. An appellant who is represented by an attorney shall notify the Bureau in writing and shall also furnish the Bureau with the

attorney's name and mailing address. After the Bureau has received such notification from an appellant, subsequent papers in the proceeding to be served on such appellant shall be served only upon the attorney designated by the appellant.

L. All requests pursuant to Paragraph F., appeals pursuant to Paragraph G. or notice of appearance by an appellant's attorney pursuant to Paragraph K. hereof must be filed with the Bureau (to the Bureau's office – United Plaza Building, Suite 1500, 30 South 17th Street, Philadelphia, PA. 19103-4007).

M. Notices of any requirement for additional information pursuant to Paragraph H. 3. or of the time and place in Delaware of the Classification and Rating Committee hearing shall be given to the appellant or its attorney pursuant to Paragraph K. in writing personally or by certified mail (with return receipt). The notice of hearing shall be made at least ten days in advance of such hearing unless such notice is waived by the appellant or its attorney. When a meeting is adjourned to another time or place in Delaware, written notice need not be given of the adjourned hearing if the time and place in Delaware thereof are announced at the meeting during which all parties are present at which the adjournment is taken. All other notices, orders, papers and communications, including a copy of the decision, may be served on an appellant by hand delivery or by regular first class mail to the appellant or its attorney at the last known mailing address provided to the Bureau.

N. During the course of all proceedings governed by this Procedure, the Classification and Rating Committee shall have the power to interpret and apply the foregoing Paragraphs, and such interpretation shall be binding upon the parties.

O. Appeals from a final decision of the Classification and Rating Committee pursuant to this Procedure must be filed with the Insurance Commissioner within 30 days of the mailing date of the Committee's decision, as provided in Section 2614, Title 18 of the Delaware Code.

P. Unless otherwise specifically provided by this Procedure, all periods of time shall be calculated from the postmark on materials sent by first class or certified mail through the United States Postal Service or the date of any hand delivery, whichever date is earlier.

Q. Nothing contained in this Procedure shall prevent efforts to resolve any controversies governed by this Procedure on an informal basis at any stage of the proceedings before the Bureau or the Classification and Rating Committee.