

DELAWARE COMPENSATION RATING BUREAU, INC.

Closure Rates, Payout Ratios and Average Claim Costs

Page 1 lists the indemnity closure rates - the ratio of number of claims closed to number of claims reported - by policy year and report level. Page 2 lists the claim frequency per \$1,000,000 of payroll - the ratio of number of indemnity claims reported to payroll. These values are taken from the unit statistical data.

Pages 3 and 4 list the ratios of reported paid losses to incurred losses, by policy year and maturity level separately for indemnity and medical losses. Page 3 relates paid losses to reported case incurred losses. Page 4 relates payments to projected ultimate incurred losses with ultimate losses derived using the average of paid and incurred methods for indemnity and medical which is the basis for staff loss development projections in this proposal.

Pages 5 and 6 show the average costs for open, closed and incurred claims by policy year and report level. Page 5 is for indemnity and page 6 is for medical on indemnity. These values are calculated from the unit statistical data.

DELAWARE COMPENSATION RATING BUREAU, INC.

RATIO OF NUMBER OF CLOSED INDEMNITY CLAIMS  
TO NUMBER OF REPORTED INDEMNITY CLAIMS

POLICY	YEAR	FIRST	SECOND	THIRD	FOURTH	FIFTH
	78					0.9573
	79				0.9474	0.9572
	80			0.9321	0.9461	0.9547
	81		0.8926	0.9163	0.9316	0.9414
	82	0.7860	0.8779	0.9113	0.9338	0.9410
	83	0.7957	0.8713	0.9048	0.9327	0.9460
	84	0.7811	0.8702	0.9067	0.9231	0.9378
	85	0.7365	0.8522	0.8890	0.9209	0.9370
	86	0.7785	0.8690	0.9127	0.9396	0.9530
	87	0.7513	0.8633	0.9028	0.9282	0.9455
	88	0.7354	0.8509	0.8926	0.9252	0.9504
	89	0.7330	0.8203	0.8812	0.9229	0.9372
	90	0.7081	0.8195	0.8821	0.9146	0.9412
	91	0.7112	0.8172	0.8748	0.9139	0.9417
	92	0.6885	0.8068	0.8738	0.9192	0.9464
	93	0.6565	0.7963	0.8657	0.9105	0.9356
	94	0.6688	0.7978	0.8823	0.9240	0.9435
	95	0.6468	0.7913	0.8754	0.9172	0.9433
	96	0.6411	0.7958	0.8736	0.9118	0.9329
	97	0.6591	0.8109	0.8766	0.9203	
	98	0.6369	0.8076	0.8775		
	99	0.6061	0.7808			
	00	0.6109				

DELAWARE COMPENSATION RATING BUREAU, INC.

CLAIM FREQUENCY PER \$1,000,000 OF PAYROLL

<b>POLICY</b>					
<b>YEAR</b>	<b>FIRST</b>	<b>SECOND</b>	<b>THIRD</b>	<b>FOURTH</b>	<b>FIFTH</b>
1991	0.7938	0.8017	0.8059	0.7991	0.7987
1992	0.7367	0.7463	0.7486	0.7447	0.7492
1993	0.7488	0.7534	0.7573	0.7571	0.7534
1994	0.6825	0.6910	0.6951	0.6904	0.6910
1995	0.6295	0.6598	0.6448	0.6430	0.6430
1996	0.5828	0.5908	0.5948	0.5959	0.5971
1997	0.5140	0.5277	0.5320	0.5342	
1998	0.4457	0.4552	0.4572		
1999	0.4423	0.4507			
2000	0.4099				

DELAWARE COMPENSATION RATING BUREAU, INC.

RATIO OF PAID LOSSES TO REPORTED INCURRED LOSSES

Policy Year	Maturity (in months)																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	
<b>INDEMNITY</b>																				
1984																0.9092	0.9319	0.9392	0.9139	0.9229
1985															0.9188	0.9252	0.9411	0.9318	0.9429	
1986													0.9016	0.9049	0.9153	0.9151	0.9223			
1987												0.9341	0.9393	0.9448	0.9512	0.9544				
1988											0.9069	0.9241	0.9250	0.9271	0.9368					
1989										0.9268	0.9290	0.9486	0.9393	0.9267						
1990									0.8962	0.9333	0.9426	0.8978	0.8907							
1991								0.8948	0.9184	0.9244	0.9340	0.9374								
1992							0.8658	0.9201	0.9046	0.9263	0.9231									
1993						0.8093	0.8297	0.8532	0.8917	0.9030										
1994					0.7741	0.8374	0.8420	0.8530	0.8844											
1995				0.7136	0.8156	0.8686	0.8867	0.8899												
1996			0.5808	0.6919	0.7657	0.8259	0.8791													
1997		0.4337	0.5999	0.7203	0.8199	0.8563														
1998	0.3504	0.4424	0.6543	0.8094	0.8536															
1999	0.2848	0.4416	0.6249	0.7239																
2000	0.3038	0.4096	0.5587																	
2001	0.2575	0.3993																		
2002	0.2180																			
<b>MEDICAL</b>																				
1984																0.7440	0.7557	0.7657	0.7649	0.7844
1985															0.8511	0.8472	0.8509	0.8567	0.8645	
1986													0.9193	0.9283	0.9287	0.9408	0.9420			
1987												0.8535	0.8852	0.8790	0.9056	0.9014				
1988											0.9723	0.9764	0.9750	0.9716	0.9721					
1989										0.9000	0.8875	0.8939	0.8823	0.8864						
1990									0.9616	0.9628	0.9542	0.9572	0.9423							
1991								0.9369	0.9378	0.9502	0.9501	0.9435								
1992							0.7948	0.8120	0.8166	0.8225	0.8292									
1993						0.9069	0.9009	0.8992	0.9020	0.9046										
1994					0.9339	0.9414	0.9450	0.9329	0.9103											
1995				0.8661	0.9068	0.9050	0.9011	0.9061												
1996			0.8203	0.8688	0.8928	0.8965	0.8658													
1997		0.7369	0.8432	0.8925	0.9073	0.9089														
1998	0.4277	0.6834	0.8196	0.8544	0.8700															
1999	0.4728	0.7431	0.8640	0.8808																
2000	0.3244	0.6980	0.8144																	
2001	0.3300	0.6959																		
2002	0.3171																			

DELAWARE COMPENSATION RATING BUREAU, INC.

RATIOS OF REPORTED PAID LOSSES TO PROJECTED ULTIMATE INCURRED LOSSES

INDEMNITY - AVERAGE OF INCURRED AND PAID TO 20th

Policy Year	Maturity (in months)																		
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228
1984															0.8695	0.8789	0.8923	0.8972	0.9024
1985														0.8731	0.8827	0.8933	0.9008	0.9073	
1986													0.8503	0.8592	0.8766	0.8844	0.8923		
1987											0.8751	0.8854	0.8915	0.8961	0.9013				
1988										0.8419	0.8590	0.8644	0.8720	0.8862					
1989									0.8209	0.8351	0.8515	0.8638	0.8736						
1990								0.7858	0.8076	0.8202	0.8441	0.8480							
1991							0.8002	0.8212	0.8378	0.8499	0.8594								
1992							0.7574	0.7976	0.8114	0.8313	0.8416								
1993						0.6893	0.7342	0.7734	0.8053	0.8197									
1994					0.6597	0.7179	0.7492	0.7665	0.7967										
1995				0.5831	0.6698	0.7275	0.7543	0.7818											
1996			0.4148	0.5435	0.6344	0.6937	0.7565												
1997		0.2385	0.4239	0.5825	0.6752	0.7211													
1998	0.0892	0.2569	0.4606	0.6120	0.6838														
1999	0.0601	0.2260	0.4056	0.5775															
2000	0.0503	0.2100	0.4083																
2001	0.0501	0.2242																	

MEDICAL - AVERAGE OF INCURRED AND PAID TO 20th

Policy Year	Maturity (in months)																		
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228
1984															0.6785	0.6947	0.7077	0.7232	0.7371
1985														0.7204	0.7333	0.7444	0.7531	0.7673	
1986													0.7557	0.7643	0.7752	0.7826	0.7916		
1987											0.7245	0.7370	0.7449	0.7553	0.7654				
1988										0.7477	0.7549	0.7616	0.7699	0.7838					
1989										0.6885	0.7035	0.7137	0.7238	0.7388					
1990									0.7125	0.7244	0.7359	0.7423	0.7502						
1991								0.7021	0.7133	0.7211	0.7278	0.7388							
1992							0.6091	0.6250	0.6437	0.6609	0.6805								
1993						0.6431	0.6643	0.6797	0.6927	0.6981									
1994					0.6177	0.6346	0.6462	0.6644	0.6863										
1995				0.5824	0.6140	0.6354	0.6519	0.6698											
1996			0.5044	0.5540	0.5853	0.6095	0.6386												
1997		0.3977	0.5002	0.5715	0.6019	0.6361													
1998	0.1148	0.3929	0.5199	0.5667	0.6011														
1999	0.1077	0.3794	0.5081	0.5768															
2000	0.0737	0.3592	0.5121																
2001	0.0965	0.3856																	

**DELAWARE COMPENSATION RATING BUREAU, INC.**

**AVERAGE CLOSED, OPEN & INCURRED INDEMNITY CLAIMS**

<u>POLICY</u> <u>YEAR</u>	<u>AVERAGE</u> <u>CLOSED</u>	<u>%</u> <u>CHANGE</u>	<u>AVERAGE</u> <u>OPEN</u>	<u>%</u> <u>CHANGE</u>	<u>AVERAGE</u> <u>INCURRED</u>	<u>%</u> <u>CHANGE</u>
*****	*****	*****	<b>FIRST REPORT</b>	*****	*****	*****
93	1,084		18,185		6,957	
94	1,083	-0.09%	16,889	-7.13%	6,317	-9.20%
95	1,309	20.87%	15,975	-5.41%	6,489	2.72%
96	1,427	9.01%	17,444	9.20%	7,175	10.57%
97	1,430	0.21%	15,546	-10.88%	6,242	-13.00%
98	1,610	12.59%	16,068	3.36%	6,860	9.90%
99	1,764	9.57%	17,339	7.91%	7,899	15.15%
00	1,847	4.71%	19,402	11.90%	8,678	9.86%
*****	*****	*****	<b>SECOND REPORT</b>	*****	*****	*****
92	2,136		30,270		7,572	
93	2,131	-0.23%	32,631	7.80%	8,342	10.17%
94	2,238	5.02%	30,070	-7.85%	7,866	-5.71%
95	2,640	17.96%	29,335	-2.44%	8,210	4.37%
96	3,036	15.00%	32,189	9.73%	8,990	9.50%
97	2,982	-1.78%	31,516	-2.09%	8,379	-6.80%
98	3,180	6.64%	30,158	-4.31%	8,369	-0.12%
99	3,612	13.58%	34,978	15.98%	10,488	25.32%
*****	*****	*****	<b>THIRD REPORT</b>	*****	*****	*****
91	3,200		47,293		8,719	
92	3,213	0.41%	45,445	-3.91%	8,542	-2.03%
93	3,764	17.15%	44,438	-2.22%	9,226	8.01%
94	3,936	4.57%	42,104	-5.25%	8,428	-8.65%
95	4,400	11.79%	45,626	8.37%	9,538	13.17%
96	4,453	1.20%	47,618	4.37%	9,910	3.90%
97	4,500	1.06%	45,906	-3.60%	9,610	-3.03%
98	4,488	-0.27%	45,959	0.12%	9,567	-0.45%
*****	*****	*****	<b>FOURTH REPORT</b>	*****	*****	*****
90	3,968		57,113		8,508	
91	4,226	6.50%	61,995	8.55%	9,199	8.12%
92	4,403	4.19%	59,053	-4.75%	8,817	-4.15%
93	5,003	13.63%	58,738	-0.53%	9,815	11.32%
94	4,805	-3.96%	57,942	-1.36%	8,843	-9.90%
95	5,257	9.41%	61,310	5.81%	9,896	11.91%
96	5,601	6.54%	60,486	-1.34%	10,439	5.49%
97	5,872	4.84%	55,610	-8.06%	9,837	-5.77%
*****	*****	*****	<b>FIFTH REPORT</b>	*****	*****	*****
89	4,383		72,399		8,653	
90	4,765	8.72%	70,949	-2.00%	8,655	0.02%
91	5,313	11.50%	73,955	4.24%	9,318	7.66%
92	5,008	-5.74%	75,562	2.17%	8,787	-5.70%
93	5,803	15.87%	73,518	-2.71%	10,163	15.66%
94	5,513	-5.00%	68,371	-7.00%	9,066	-10.79%
95	6,001	8.85%	79,273	15.95%	10,152	11.98%
96	6,370	6.15%	69,747	-12.02%	10,622	4.63%

SOURCE: UNIT STATSTICAL DATA

**DELAWARE COMPENSATION RATING BUREAU, INC.**

**AVERAGE CLOSED, OPEN & INCURRED MEDICAL CLAIMS  
(EXCLUDING "MEDICAL ONLY" CLAIMS)**

<u>POLICY</u> <u>YEAR</u>	<u>AVERAGE</u> <u>CLOSED</u>	<u>%</u> <u>CHANGE</u>	<u>AVERAGE</u> <u>OPEN</u>	<u>%</u> <u>CHANGE</u>	<u>AVERAGE</u> <u>INCURRED</u>	<u>%</u> <u>CHANGE</u>
*****	*****	*****	<b>FIRST REPORT</b>	*****	*****	*****
93	2,064		14,951		6,490	
94	2,110	2.23%	14,875	-0.51%	6,337	-2.36%
95	2,426	14.98%	16,119	8.36%	7,262	14.60%
96	2,324	-4.20%	16,245	0.78%	7,320	0.80%
97	2,657	14.33%	16,199	-0.28%	7,274	-0.63%
98	2,632	-0.94%	18,410	13.65%	8,362	14.96%
99	2,927	11.21%	19,591	6.41%	9,491	13.50%
00	3,218	9.94%	18,782	-4.13%	9,275	-2.28%
*****	*****	*****	<b>SECOND REPORT</b>	*****	*****	*****
92	2,956		27,275		7,655	
93	3,135	6.06%	23,749	-12.93%	7,334	-4.19%
94	3,309	5.55%	22,018	-7.29%	7,092	-3.30%
95	3,510	6.07%	23,994	8.97%	7,784	9.76%
96	3,961	12.85%	26,199	9.19%	8,503	9.24%
97	3,992	0.78%	26,320	0.46%	8,215	-3.39%
98	4,160	4.21%	31,012	17.83%	9,325	13.51%
99	4,554	9.47%	34,701	11.90%	11,163	19.71%
*****	*****	*****	<b>THIRD REPORT</b>	*****	*****	*****
91	3,279		31,145		6,767	
92	3,786	15.46%	41,485	33.20%	8,543	26.25%
93	4,156	9.77%	30,433	-26.64%	7,684	-10.06%
94	4,308	3.66%	28,329	-6.91%	7,135	-7.14%
95	4,739	10.00%	36,035	27.20%	8,639	21.08%
96	4,821	1.73%	39,533	9.71%	9,209	6.60%
97	4,769	-1.08%	37,552	-5.01%	8,815	-4.28%
98	5,282	10.76%	43,591	16.08%	9,974	13.15%
*****	*****	*****	<b>FOURTH REPORT</b>	*****	*****	*****
90	3,573		35,544		6,304	
91	4,063	13.71%	38,905	9.46%	7,062	12.02%
92	4,514	11.10%	53,639	37.87%	8,482	20.11%
93	4,964	9.97%	42,467	-20.83%	8,322	-1.89%
94	4,963	-0.02%	36,753	-13.46%	7,379	-11.33%
95	5,407	8.95%	43,977	19.66%	8,599	16.53%
96	5,677	4.99%	47,181	7.29%	9,336	8.57%
97	6,164	8.58%	43,795	-7.18%	9,164	-1.84%
*****	*****	*****	<b>FIFTH REPORT</b>	*****	*****	*****
89	3,575		50,050		6,493	
90	4,008	12.11%	47,171	-5.75%	6,545	0.80%
91	4,621	15.29%	51,161	8.46%	7,336	12.09%
92	4,982	7.81%	75,084	46.76%	8,736	19.08%
93	5,497	10.34%	54,634	-27.24%	8,661	-0.86%
94	5,456	-0.75%	43,799	-19.83%	7,623	-11.98%
95	5,838	7.00%	67,297	53.65%	9,319	22.25%
96	6,267	7.35%	59,416	-11.71%	9,833	5.52%

SOURCE: UNIT STATSTICAL DATA