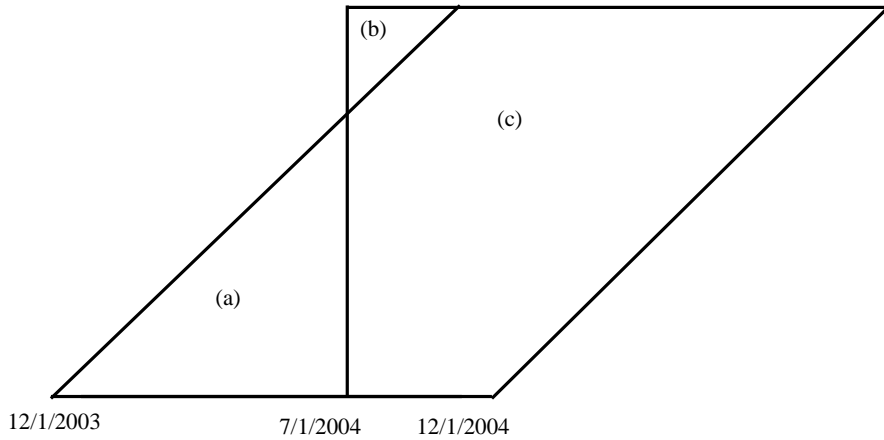


DELAWARE COMPENSATION RATING BUREAU, INC.

Effect of 7/1/04 Benefit Change

**Effect of 7/1/2004 Benefit Change on a 12/1/03 Effective Date**



(a) This portion of the graph reflects the exposure of the 7/1/2003 Benefit Level on new and renewal policies as respects the current loss cost filing. This area covers 0.17014 policy years.

(b) This portion of the graph reflects the exposure of the 7/1/2004 Benefit Level on outstanding policies as respects the current loss cost filing. This area covers 0.08681 policy years.

(c) This portion of the graph reflects the exposure of the 7/1/2004 Benefit Level on new and renewal policies as respects the current loss cost filing. This area covers 0.82986 policy years.

(d) Benefit Change (Exhibit III-2) = 1.0040

(e) Adjustment to reflect one-year period available to collect premium on 0.9167 years of exposure = 0.9167

(f) Overall effect of 7/1/2004 Benefit Change  $(1+(e)[(d)-1.0])$  = 1.0037

**DELAWARE BENEFIT CHANGES**

<u>Injury Type</u>	Five Year Losses From Table II <u>(1)</u>	Increase Factor <u>(2)</u>	Losses at 7/01/03 Level (1)*(2) <u>(3)</u>
DEATH	\$7,430,700	1.0098	\$7,503,521
PERMANENT TOTAL	28,308,800	1.0099	28,589,057
MAJOR			
Specific Loss	140,204,726	1.0099	141,592,753
Loss of Earnings	12,593,974	1.0005	12,600,271
MINOR			
Specific Loss	53,768,942	1.0099	54,301,255
Loss of Earnings	3,359,058	0.9999	3,358,722
TEMPORARY	86,006,300	1.0099	86,857,762
INDEMNITY	331,672,500	1.0094	334,803,341
MEDICAL	450,806,600	1.0000	450,806,600
TOTAL	\$782,479,100		\$785,609,941

Total Effect of 07/01/2004 Benefit Change:

[Total of (3) ÷ Total of (1)] = 1.0040

**Calculation of Delaware Statewide Average Weekly Wage**

<u>Calendar Year</u>	<u>Quarter</u>		<u>Average(+) Quarterly Wages</u>
2001	1	Actual	9,871
2001	2	Actual	9,049
2001	3	Actual	9,190
2001	4	Actual	10,247
2002	1	Actual	10,547
2002	2	Actual	9,420
2002	3	Actual	9,386
2002	4	Actual	10,201
2003	1	Projected	10,970 = \$10,547.00 * 1.0401 (++)
2003	2	Projected	9,798 = \$9,420.00 * 1.0401 (++)
2003	3	Projected	9,762 = \$9,386.00 * 1.0401 (++)
2003	4	Projected	10,610 = \$10,201.00 * 1.0401 (++)
Calendar Year 2003 Projected Average Annual Wage =			\$10,970.00
			9,798.00
			9,762.00
			10,610.00
			<hr/>
			\$41,140.00
Calendar Year 2003 Projected Average Weekly Wage =			\$41,140.00 / 52 = 791.15

(+) Source: Office of Occupational and Labor Market Information, ES202 data underlying the Statewide Average Weekly Wage set forth in June by the Secretary of Labor

(++) 1.0401 is an estimate for annual rate of wage inflation.

**STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2004**

**EFFECT ON SECTION 2330 BENEFITS - DEATH CASES**

**Statewide Average Weekly Wage = 791.15**

<b>(I) Workers Capped at Maximum &gt; 2/3 SAWW</b>	<b>PRESENT</b>	<b>2004</b>
( 1) Maximum Weekly Compensation	516.49	527.43
( 2) Statewide Average Weekly Wage	791.15	791.15
( 3) Min. Wage to be Limited to Maximum Benefit	774.74	791.16
( 4) Ratio: (3) ÷ (2)	0.9793	1.0000
( 5) (4) to Nearest 5%	1.00	1.00
( 6) (A) for (5)	63.5500	63.5500
( 7) 100 - (6)	36.4500	36.4500
( 8) [(1)] * (7) ÷ 100	188.2606	192.2482
<b>(II) Workers at 2/3 Wages</b>		
( 9) Maximum Wage; SAWW	774.73	791.15
(10) Minimum Wage; 1/3 SAWW	258.25	263.73
(11) (9) ÷ (2)	0.9792	1.0000
(12) (10) ÷ (2)	0.3264	0.3334
(13) (11) to Nearest 5%	1.00	1.00
(14) (12) to Nearest 5%	0.35	0.35
(15) (B) for (13)	43.4800	43.4800
(16) (B) for (14)	1.6100	1.6100
(17) (15) - (16)	41.8700	41.8700
(18) [2/3 * (2)] * (17) ÷ 100	220.8363	220.8363
<b>(III) Workers Raised to Minimum &lt; 2/9 SAWW</b>		
(19) Minimum Weekly Compensation	172.16	175.81
(20) Maximum Wage to be Limited to Minimum Benefit	258.24	263.72
(21) (19) ÷ (2)	0.2176	0.2222
(22) (21) to Nearest 5%	0.20	0.20
(23) (A) for (22)	1.3600	1.3600
(24) [(19)] * (23) ÷ 100	2.3414	2.3910
(25) [(8) + (18) + (24)]	411.4383	415.4755

Effect of Change: 415.48 ÷ 411.44 = 1.0098

**STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2004**  
**EFFECT ON SECTION 2324 and 2326 BENEFITS - TOTAL DISABILITY CASES**  
**(TEMPORARY & PERMANENT), and PERMANENT PARTIAL SCHEDULED CASES**

**Statewide Average Weekly Wage = 791.15**

(I) Workers Capped at Maximum > 2/3 SAWW	PRESENT	2003
(1) Maximum Weekly Compensation	516.49	527.43
(2) Statewide Average Weekly Wage	791.15	791.15
(3) Min. Wage to be Limited to Maximum Benefit	774.74	791.16
(4) Ratio: (3) ÷ (2)	0.9793	1.0000
(5) (4) to Nearest 5%	1.00	1.00
(6) (A) for (5)	63.5500	63.5500
(7) 100 - (6)	36.4500	36.4500
(8) [(1)] * (7) ÷ 100	188.2606	192.2482
<b>(II) Workers at 2/3 Wages</b>		
(9) Maximum Wage; SAWW	774.73	791.15
(10) Minimum Wage; 1/3 SAWW	258.25	263.73
(11) (9) ÷ (2)	0.9792	1.0000
(12) (10) ÷ (2)	0.3264	0.3334
(13) (11) to Nearest 5%	1.00	1.00
(14) (12) to Nearest 5%	0.35	0.35
(15) (B) for (13)	43.4800	43.4800
(16) (B) for (14)	1.6100	1.6100
(17) (15) - (16)	41.8700	41.8700
(18) [2/3 * (2)] * (17) ÷ 100	220.8363	220.8363
<b>(III) Workers at Intermediate Minimum &lt; 2/9 SAWW</b>		
(19) Intermediate Minimum Weekly Compensation	172.16	175.81
(20) Maximum Wage; 1/3 SAWW	258.24	263.72
(21) Minimum Wage; 2/9 SAWW	172.17	175.82
(22) (20) ÷ (2)	0.3264	0.3333
(23) (21) ÷ (2)	0.2176	0.2222
(24) (22) to Nearest 5%	0.35	0.35
(25) (23) to Nearest 5%	0.20	0.20
(26) (A) for (24)	6.0000	6.0000
(27) (A) for (25)	1.3600	1.3600
(28) (26) - (27)	4.6400	4.6400
(29) [(19)] * (28) ÷ 100	7.9882	8.1576
<b>(IV) Workers at 100% of Wages</b>		
(30) Maximum Wage;> 2/9 SAWW	172.16	175.81
(31) (30) ÷ (2)	0.2176	0.2222
(32) (31) to Nearest 5%	0.20	0.20
(33) (B) for (32)	0.1900	0.1900
(34) [1.0 * (2)] * (33) ÷ 100	1.5032	1.5032
(35) [(8) + (18) + (29) + (34)]	418.5883	422.7453

Effect of Change: 422.75 ÷ 418.59 =

1.0099

**STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2004**

**EFFECT OF SECTION 2325 BENEFITS - MAJOR CASES**

**Statewide Average Weekly Wage = 791.15**

	PRESENT	2004
(1) % of Lost Earnings Compensated	2/3	2/3
(2) Average Loss of Earning Power	0.40	0.40
(3) Nominal % of Compensation: (1)*(2)	0.267	0.267
(4) Maximum Weekly Compensation	516.49	527.43
(5) Eff. Wkly. Wage for Max. Benefits: (4)÷(3)	1934.42	1975.39
(6) Average Weekly Wage	791.15	791.15
(7) Ratio to Average %: (5)÷(6)	2.4451	2.4969
(8) Line (7) adjusted to nearest 5%	2.45	2.50
(9) (B) for (8) from Wage Table	96.5400	96.7900
(10) (A) for (8) from Wage Table	99.0800	99.1800
(11) Difference: 100.00-(10)	0.9200	0.8200
(12) Product: (7)*(11)	2.2495	2.0475
(13) Limit Factor: [(9)+(12)] %	98.7895	98.8375
(14) Effective Average Weekly Wage: (13)*(6)÷100	781.57	781.95
(15) Average Benefit: (14)*(3)	208.68	208.78

Effect of Change:  $208.78 \div 208.68 = 1.0005$

**STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2004**

**EFFECT OF SECTION 2325 BENEFITS - MINOR CASES**

**Statewide Average Weekly Wage = 791.15**

	PRESENT	2004
(1) % of Lost Earnings Compensated	2/3	2/3
(2) Average Loss of Earning Power	0.25	0.25
(3) Nominal % of Compensation: (1)*(2)	0.167	0.167
(4) Maximum Weekly Compensation	516.49	527.43
(5) Eff. Wkly. Wage for Max. Benefits: (4)÷(3)	3092.75	3158.26
(6) Average Weekly Wage	791.15	791.15
(7) Ratio to Average %: (5)÷(6)	3.9092	3.9920
(8) Line (7) adjusted to nearest 5%	3.90	4.00
(9) (B) for (8) from Wage Table	98.9400	98.9600
(10) (A) for (8) from Wage Table	99.8900	99.9000
(11) Difference: 100.00-(10)	0.1100	0.1000
(12) Product: (7)*(11)	0.4300	0.3992
(13) Limit Factor: [(9)+(12)] %	99.3700	99.3592
(14) Effective Average Weekly Wage: (13)*(6)÷100	786.17	786.08
(15) Average Benefit: (14)*(3)	131.29	131.28

Effect of Change:  $131.28 \div 131.29 = 0.9999$



**STANDARD WAGE DISTRIBUTION TABLE  
(1991 DCI STATES)**

R = Ratio to Average Wage

A = Percentage of workers receiving not more than the percentage of the average wage indicated by Column R

B = Percentage of wages received by the percentage of workers in Column A

R	A	B	R	A	B	R	A	B
0.05	0.2400	0.0100	2.40	98.9500	96.2100	4.75	100.0000	100.0000
0.10	0.3900	0.0200	2.45	99.0800	96.5400	4.80	100.0000	100.0000
0.15	0.7100	0.0600	2.50	99.1800	96.7900	4.85	100.0000	100.0000
0.20	1.3600	0.1900	2.55	99.2700	97.0400	4.90	100.0000	100.0000
0.25	2.6100	0.4900	2.60	99.3500	97.2500	4.95	100.0000	100.0000
0.30	4.0800	0.9300	2.65	99.4100	97.4100	5.00	100.0000	100.0000
0.35	6.0000	1.6100	2.70	99.4800	97.6000	5.05	100.0000	100.0000
0.40	8.8000	2.7600	2.75	99.5200	97.7100	5.10	100.0000	100.0000
0.45	13.1000	4.7400	2.80	99.5700	97.8700	5.15	100.0000	100.0000
0.50	17.6600	7.1000	2.85	99.6100	97.9900	5.20	100.0000	100.0000
0.55	22.4100	9.7900	2.90	99.6400	98.0800	5.25	100.0000	100.0000
0.60	27.6600	13.0700	2.95	99.6700	98.1700	5.30	100.0000	100.0000
0.65	32.7900	16.5200	3.00	99.7000	98.2600	5.35	100.0000	100.0000
0.70	37.8200	20.2000	3.05	99.7300	98.3500	5.40	100.0000	100.0000
0.75	42.7100	24.0300	3.10	99.7600	98.4300	5.45	100.0000	100.0000
0.80	47.4600	28.0000	3.15	99.7700	98.4900	5.50	100.0000	100.0000
0.85	52.0300	32.0700	3.20	99.7900	98.5700	5.55	100.0000	100.0000
0.90	56.2400	36.0400	3.25	99.8000	98.6100	5.60	100.0000	100.0000
0.95	60.0300	39.8100	3.30	99.8100	98.6500	5.65	100.0000	100.0000
1.00	63.5500	43.4800	3.35	99.8200	98.6800	5.70	100.0000	100.0000
1.05	66.8200	47.0500	3.40	99.8400	98.7300	5.75	100.0000	100.0000
1.10	69.7500	50.3900	3.45	99.8400	98.7500	5.80	100.0000	100.0000
1.15	72.5100	53.7300	3.50	99.8500	98.7800	5.85	100.0000	100.0000
1.20	75.1200	56.9900	3.55	99.8600	98.8000	5.90	100.0000	100.0000
1.25	77.6400	60.2900	3.60	99.8600	98.8200	5.95	100.0000	100.0000
1.30	79.9700	63.4400	3.65	99.8700	98.8500	6.00	100.0000	100.0000
1.35	82.0200	66.3300	3.70	99.8800	98.8900	6.05	100.0000	100.0000
1.40	83.9600	69.1500	3.75	99.8800	98.9000	6.10	100.0000	100.0000
1.45	85.6300	71.6700	3.80	99.8900	98.9200	6.15	100.0000	100.0000
1.50	87.2000	74.1200	3.85	99.8900	98.9400	6.20	100.0000	100.0000
1.55	88.6700	76.4900	3.90	99.8900	98.9400	6.25	100.0000	100.0000
1.60	90.0900	78.8400	3.95	99.8900	98.9500	6.30	100.0000	100.0000
1.65	91.3100	80.9100	4.00	99.9000	98.9600	6.35	100.0000	100.0000
1.70	92.4600	82.9400	4.05	100.0000	100.0000	6.40	100.0000	100.0000
1.75	93.3900	84.6300	4.10	100.0000	100.0000	6.45	100.0000	100.0000
1.80	94.2200	86.1800	4.15	100.0000	100.0000	6.50	100.0000	100.0000
1.85	94.9000	87.4900	4.20	100.0000	100.0000	6.55	100.0000	100.0000
1.90	95.5500	88.7600	4.25	100.0000	100.0000	6.60	100.0000	100.0000
1.95	96.1800	90.0300	4.30	100.0000	100.0000	6.65	100.0000	100.0000
2.00	96.6900	91.1000	4.35	100.0000	100.0000	6.70	100.0000	100.0000
2.05	97.1700	92.1000	4.40	100.0000	100.0000	6.75	100.0000	100.0000
2.10	97.5500	92.9400	4.45	100.0000	100.0000	6.80	100.0000	100.0000
2.15	97.9300	93.7700	4.50	100.0000	100.0000	6.85	100.0000	100.0000
2.20	98.2200	94.4400	4.55	100.0000	100.0000	6.90	100.0000	100.0000
2.25	98.4600	95.0000	4.60	100.0000	100.0000	6.95	100.0000	100.0000
2.30	98.6600	95.4800	4.65	100.0000	100.0000	7.00	100.0000	100.0000
2.35	98.8300	95.9000	4.70	100.0000	100.0000			