

DELAWARE COMPENSATION RATING BUREAU, INC.

DECEMBER 1, 2004 F CLASS RATE FILING

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Delaware F Class Rate Revision
Proposed Effective December 1, 2004

Calculation of Composite Pure Premium Multiplier

Item	Total
(1) Pure Premium Test Correction Factor	1.0016
(2) Off-Balance Factor (Collectible Prem Ratio)	1.0860
(3) Expense Provision (1 / 0.6261)	1.5972
(4) Rate Test Correction Factor	0.9980
(5) Composite Pure Premium Multiplier (1)*(2)*(3)*(4)	1.7339

CALCULATION OF PER CLAIM AND CATASTROPHE LIMITATIONS

All Death, Permanent Total and Major Disability claims in the Pennsylvania experience for Manual Years 1997 through 2001 were translated using composite multipliers, yielding an average claim value of \$1,602. A value of \$619,726 was selected based on a review of Delaware State Act coverage experience as reported in the 12/1/04 Residual Market and Loss Cost Filing. Using twice the value as unity and using the indicated Hazard Group Relativities produced the following results:

Hazard Group (1)	Hazard Group Relativities @ (2)	Per Claim Limit [2 * 619,726] * (2) (3)	Per Accident Limit (3) * 2 (4)
I	0.853	1,057,253	2,114,506
II	0.907	1,124,183	2,248,366
III	1.098	1,360,918	2,721,836
IV	1.295	1,605,090	3,210,180

@ From DE State Act Coverage 12/1/04 Residual Market & Loss Cost Filing - Excess Loss Factor Study

CREDIBILITY

The classification relativity criteria for 100 percent credibility for the various categories of loss are as follows:

Serious: 175 * Average Cost of Serious Case (including Medical)
 Non-Serious: 500 * Average Cost of Non-Serious Case (including Medical)
 Medical: 10 Percent of the Non-Serious

The following calculations are based on the figures in Table V, Section B.

	No. Cases	INDEMNITY AMOUNT (in hundreds)	MEDICAL AMOUNT (in hundreds)	TOTAL AMOUNT (in hundreds)	AVERAGE COST (4) / (1)
	(1)	(2)	(3)	(4)	(5)
Death	0	0	0	0	0
Permanent Total	0	0	0	0	0
Major	4	4,523	1,885	6,408	1,602
Total Serious	4	4,523	1,885	6,408	1,602
Minor	27	7,879	3,831	11,710	434
Temporary	31	4,038	2,313	6,351	205
Total Non-Serious	58	11,917	6,144	18,061	311

Accordingly, the criteria for 100 percent credibility will be:

Selected @

Serious: 175 *	1,602 =	280,350	108,452,050
Non-Serious: 500 *	311 =	155,500	17,444,000
Medical: .10 *	155,500 =	15,550	1,744,400

@ From DE State Act Coverage Residual Market & Loss Cost filing proposal for 12/1/04.

EXPECTED LOSS CREDIBILITY TABLE

Serious, Non-Serious and Medical

Credi- bility (1)	Serious (2)	Non-Serious (3)	Medical (4)
1.00	107,639,718	17,313,341	1,731,334
0.99	106,021,173	17,053,005	1,705,301
0.98	104,410,822	16,793,988	1,679,399
0.97	102,808,707	16,536,295	1,653,630
0.96	101,214,871	16,279,934	1,627,993
0.95	99,629,356	16,024,912	1,602,491
0.94	98,052,207	15,771,235	1,577,124
0.93	96,483,468	15,518,911	1,551,891
0.92	94,923,185	15,267,946	1,526,795
0.91	93,371,404	15,018,350	1,501,835
0.90	91,828,171	14,770,128	1,477,013
0.89	90,293,534	14,523,289	1,452,329
0.88	88,767,543	14,277,840	1,427,784
0.87	87,250,245	14,033,790	1,403,379
0.86	85,741,691	13,791,146	1,379,115
0.85	84,241,932	13,549,917	1,354,992
0.84	82,751,020	13,310,111	1,331,011
0.83	81,269,008	13,071,736	1,307,174
0.82	79,795,949	12,834,802	1,283,480
0.81	78,331,899	12,599,316	1,259,932
0.80	76,876,913	12,365,289	1,236,529
0.79	75,431,047	12,132,728	1,213,273
0.78	73,994,361	11,901,644	1,190,164
0.77	72,566,913	11,672,046	1,167,205
0.76	71,148,762	11,443,943	1,144,394
0.75	69,739,972	11,217,345	1,121,735
0.74	68,340,603	10,992,264	1,099,226
0.73	66,950,720	10,768,708	1,076,871
0.72	65,570,389	10,546,688	1,054,669
0.71	64,199,675	10,326,215	1,032,622
0.70	62,838,647	10,107,300	1,010,730
0.69	61,487,374	9,889,954	988,995
0.68	60,145,928	9,674,189	967,419
0.67	58,814,380	9,460,016	946,002
0.66	57,492,805	9,247,447	924,745
0.65	56,181,279	9,036,494	903,649
0.64	54,879,879	8,827,170	882,717
0.63	53,588,685	8,619,487	861,949
0.62	52,307,779	8,413,460	841,346
0.61	51,037,242	8,209,100	820,910
0.60	49,777,162	8,006,422	800,642
0.59	48,527,624	7,805,440	780,544
0.58	47,288,720	7,606,168	760,617
0.57	46,060,541	7,408,621	740,862
0.56	44,843,182	7,212,814	721,281
0.55	43,636,740	7,018,764	701,876
0.54	42,441,313	6,826,485	682,649
0.53	41,257,006	6,635,995	663,600
0.52	40,083,924	6,447,310	644,731
0.51	38,922,174	6,260,448	626,045
0.50	37,771,869	6,075,427	607,543
0.49	36,633,123	5,892,265	589,227
0.48	35,506,056	5,710,982	571,098
0.47	34,390,789	5,531,596	553,160
0.46	33,287,449	5,354,129	535,413
0.45	32,196,166	5,178,602	517,860

EXPECTED LOSS CREDIBILITY TABLE

Serious, Non-Serious and Medical

Credibility (1)	Serious (2)	Non-Serious (3)	Medical (4)
0.44	31,117,075	5,005,035	500,504
0.43	30,050,316	4,833,452	483,345
0.42	28,996,032	4,663,875	466,388
0.41	27,954,372	4,496,329	449,633
0.40	26,925,493	4,330,839	433,084
0.39	25,909,555	4,167,430	416,743
0.38	24,906,725	4,006,129	400,613
0.37	23,917,176	3,846,965	384,697
0.36	22,941,089	3,689,966	368,997
0.35	21,978,653	3,535,163	353,516
0.34	21,030,065	3,382,587	338,259
0.33	20,095,528	3,232,271	323,227
0.32	19,175,259	3,084,250	308,425
0.31	18,269,481	2,938,560	293,856
0.30	17,378,431	2,795,239	279,524
0.29	16,502,356	2,654,326	265,433
0.28	15,641,517	2,515,865	251,587
0.27	14,796,188	2,379,897	237,990
0.26	13,966,660	2,246,472	224,647
0.25	13,153,239	2,115,637	211,564
0.24	12,356,252	1,987,445	198,745
0.23	11,576,043	1,861,952	186,195
0.22	10,812,983	1,739,218	173,922
0.21	10,067,467	1,619,305	161,931
0.20	9,339,916	1,502,282	150,228
0.19	8,630,786	1,388,222	138,822
0.18	7,940,569	1,277,203	127,720
0.17	7,269,799	1,169,313	116,931
0.16	6,619,056	1,064,644	106,464
0.15	5,988,978	963,299	96,330
0.14	5,380,265	865,391	86,539
0.13	4,793,697	771,044	77,104
0.12	4,230,143	680,399	68,040
0.11	3,690,585	593,614	59,361
0.10	3,176,142	510,868	51,087
0.09	2,688,107	432,370	43,237
0.08	2,227,995	358,363	35,836
0.07	1,797,616	289,138	28,914
0.06	1,399,189	225,053	22,505
0.05	1,035,518	166,559	16,656
0.04	710,312	114,251	11,425
0.03	428,813	68,973	6,897
0.02	199,302	32,057	3,206
0.01	38,359	6,170	617
0.00	0	0	0

Classification Credibility Table

Payroll Conversion Factors

Convert the Expected Loss Credibility Table to a Payroll Basis

A)	<hr/> Five Year Payroll (00's) <hr/>		
	409,860,190		
B)	<hr/> Five Year Expected Losses * <hr/>		
	Serious	Non-Serious	Medical Only
	553,825,412	440,645,069	53,049,667
C) =A/B	<hr/> Ratio Payroll to Expected Loss <hr/>		
	Serious	Non-Serious	Medical Only
	0.7401	0.9301	7.7260

PAYROLL CREDIBILITY TABLE (IN 00'S)

Serious, Non-Serious and Medical

Credibility (1)	Serious (2)	Non-Serious (3)	Medical (4)
1.00	79,664,155	16,103,138	13,376,286
0.99	78,466,270	15,861,000	13,175,156
0.98	77,274,449	15,620,088	12,975,037
0.97	76,088,724	15,380,408	12,775,945
0.96	74,909,126	15,141,967	12,577,874
0.95	73,735,686	14,904,771	12,380,845
0.94	72,568,438	14,668,826	12,184,860
0.93	71,407,415	14,434,139	11,989,910
0.92	70,252,649	14,200,717	11,796,018
0.91	69,104,176	13,968,567	11,603,177
0.90	67,962,029	13,737,696	11,411,402
0.89	66,826,245	13,508,111	11,220,694
0.88	65,696,859	13,279,819	11,031,059
0.87	64,573,906	13,052,828	10,842,506
0.86	63,457,426	12,827,145	10,655,042
0.85	62,347,454	12,602,778	10,468,668
0.84	61,244,030	12,379,734	10,283,391
0.83	60,147,193	12,158,022	10,099,226
0.82	59,056,982	11,937,649	9,916,166
0.81	57,973,438	11,718,624	9,734,235
0.80	56,896,603	11,500,955	9,553,423
0.79	55,826,518	11,284,650	9,373,747
0.78	54,763,227	11,069,719	9,195,207
0.77	53,706,772	10,856,170	9,017,826
0.76	52,657,199	10,644,011	8,841,588
0.75	51,614,553	10,433,253	8,666,525
0.74	50,578,880	10,223,905	8,492,620
0.73	49,550,228	10,015,975	8,319,905
0.72	48,528,645	9,809,475	8,148,373
0.71	47,514,179	9,604,413	7,978,038
0.70	46,506,883	9,400,800	7,808,900
0.69	45,506,805	9,198,646	7,640,975
0.68	44,514,001	8,997,963	7,474,279
0.67	43,528,523	8,798,761	7,308,811
0.66	42,550,425	8,601,050	7,144,580
0.65	41,579,765	8,404,843	6,981,592
0.64	40,616,598	8,210,151	6,819,872
0.63	39,660,986	8,016,985	6,659,418
0.62	38,712,987	7,825,359	6,500,239
0.61	37,772,663	7,635,284	6,342,351
0.60	36,840,078	7,446,773	6,185,760
0.59	35,915,295	7,259,840	6,030,483
0.58	34,998,382	7,074,497	5,876,527
0.57	34,089,406	6,890,758	5,723,900
0.56	33,188,439	6,708,638	5,572,617
0.55	32,295,551	6,528,152	5,422,694
0.54	31,410,816	6,349,314	5,274,146
0.53	30,534,310	6,172,139	5,126,974
0.52	29,666,112	5,996,643	4,981,192
0.51	28,806,301	5,822,843	4,836,824
0.50	27,954,960	5,650,755	4,693,877
0.49	27,112,174	5,480,396	4,552,368
0.48	26,278,032	5,311,784	4,412,303
0.47	25,452,623	5,144,937	4,273,714
0.46	24,636,041	4,979,875	4,136,601
0.45	23,828,382	4,816,618	4,000,986

PAYROLL CREDIBILITY TABLE (IN 00'S)

Serious, Non-Serious and Medical

Credibility (1)	Serious (2)	Non-Serious (3)	Medical (4)
0.44	23,029,747	4,655,183	3,866,894
0.43	22,240,239	4,495,594	3,734,323
0.42	21,459,963	4,337,870	3,603,314
0.41	20,689,031	4,182,036	3,473,865
0.40	19,927,557	4,028,113	3,346,007
0.39	19,175,662	3,876,127	3,219,756
0.38	18,433,467	3,726,101	3,095,136
0.37	17,701,102	3,578,062	2,972,169
0.36	16,978,700	3,432,037	2,850,871
0.35	16,266,401	3,288,055	2,731,265
0.34	15,564,351	3,146,144	2,613,389
0.33	14,872,700	3,006,335	2,497,252
0.32	14,191,609	2,868,661	2,382,892
0.31	13,521,243	2,733,155	2,270,331
0.30	12,861,777	2,599,852	2,159,602
0.29	12,213,394	2,468,789	2,050,735
0.28	11,576,287	2,340,006	1,943,761
0.27	10,950,659	2,213,542	1,838,711
0.26	10,336,725	2,089,444	1,735,623
0.25	9,734,712	1,967,754	1,634,543
0.24	9,144,862	1,848,523	1,535,504
0.23	8,567,429	1,731,802	1,438,543
0.22	8,002,689	1,617,647	1,343,721
0.21	7,450,932	1,506,116	1,251,079
0.20	6,912,472	1,397,272	1,160,662
0.19	6,387,645	1,291,185	1,072,539
0.18	5,876,815	1,187,927	986,765
0.17	5,380,378	1,087,578	903,409
0.16	4,898,763	990,225	822,541
0.15	4,432,443	895,964	744,246
0.14	3,981,934	804,900	668,600
0.13	3,547,815	717,148	595,706
0.12	3,130,729	632,839	525,677
0.11	2,731,402	552,120	458,623
0.10	2,350,663	475,158	394,698
0.09	1,989,468	402,147	334,049
0.08	1,648,939	333,313	276,869
0.07	1,330,416	268,927	223,390
0.06	1,035,540	209,322	173,874
0.05	766,387	154,917	128,684
0.04	525,702	106,265	88,270
0.03	317,365	64,152	53,286
0.02	147,503	29,816	24,770
0.01	28,389	5,739	4,767
0.00	0	0	0

TABLE V

TOTAL EXPERIENCE ALL INDUSTRIES - MANUAL YEARS 1997 - 2001

MAN YEAR	PAYROLL IN THOUS	ALL LOSSES	DEATH NO. COMP. IN HUNDREDS	PERM. NO. COMP. IN HUNDREDS	TOTAL NO. COMP. IN HUNDREDS	MAJOR NO. COMP. IN HUNDREDS	PERM. NO. COMP. IN HUNDREDS	MINOR NO. COMP. IN HUNDREDS	PERM. NO. COMP. IN HUNDREDS	TEMPORARY NO. COMP. IN HUNDREDS	MEDICAL IN HUNDREDS	PURE PREM.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A. EXPERIENCE AS REPORTED														
97	3,775	234,660	0	0	0	0	1	7	18	1,500	840	6.216		
98	2,330	291,424	0	0	2	1,203	5	763	8	200	748	12.507		
99	1,919	223,728	0	0	0	0	8	1,253	3	70	914	11.659		
00	4,735	131,699	0	0	0	0	3	797	2	139	381	2.781		
01	10,282	496,723	0	0	3	2,372	9	1,108		0	1,487	4.831		
ALL	23,041	1,378,234	0	0	5	3,575	26	3,928	31	1,909	4,370	5.982		
B. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (EXCLUDING IBNR AND FREQUENCY TREND)														
97	3,775	405,233	0	0	0	0	1	301	18	2,260	1,491	10.735		
98	2,330	698,242	0	0	2	2,261	5	1,458	8	1,005	2,259	29.967		
99	1,919	534,468	0	0	0	0	10	2,915	5	629	1,800	27.851		
00	4,735	71,179	0	0	0	0	1	292		138	282	1.503		
01	10,282	766,706	0	0	2	2,262	10	2,913		6	2,486	7.457		
ALL	23,041	2,475,828	0	0	4	4,523	27	7,879	31	4,038	8,318	10.745		
PURE PREMIUM		10.745	.000	.000		1.963		3.420		1.753	3.610			
C. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (INCLUDING IBNR AND FREQUENCY TREND)														
97	3,775	356,066	0	0	0	0	3	903	11	1,381	1,276	9.432		
98	2,330	368,597	0	0	1	1,130	2	583	6	754	1,218	15.820		
99	1,919	144,587	0	0	0	0	1	292	5	629	524	7.534		
00	4,735	201,230	0	0	0	0	4	1,166		138	708	4.250		
01	10,282	797,180	0	0	3	3,393	7	2,039		6	2,534	7.753		
ALL	23,041	1,867,660	0	0	4	4,523	17	4,983	22	2,908	6,260	8.106		
PURE PREMIUM		8.106	.000	.000		1.963		2.163		1.262	2.717			

TABLE V

TOTAL MEDICAL EXPERIENCE ALL INDUSTRIES - MANUAL YEARS 1997 - 2001

MAN YEAR	PAYROLL IN THOUS	ALL LOSSES	DEATH NO. COMP. IN HUNDREDS	PERM. NO. COMP. IN HUNDREDS	TOTAL NO. COMP. IN HUNDREDS	MAJOR NO. COMP. IN HUNDREDS	PERM. NO. COMP. IN HUNDREDS	MINOR NO. COMP. IN HUNDREDS	PERM. NO. COMP. IN HUNDREDS	TEMPORARY NO. COMP. IN HUNDREDS	MEDICAL ONLY IN HUNDREDS	PURE PREM.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A. EXPERIENCE AS REPORTED														
97	3,775	83,965	0	0	0	0	1	21	18	525	293	2.224		
98	2,330	74,801	0	0	2	386	5	176	8	123	63	3.210		
99	1,919	91,409	0	0	0	0	8	817	3	65	32	4.763		
00	4,735	38,112	0	0	0	0	3	286	2	79	17	.805		
01	10,282	148,666	0	0	3	636	9	785		0	66	1.446		
ALL	23,041	436,953	0	0	5	1,022	26	2,085	31	792	471	1.896		
B. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (EXCLUDING IBNR AND FREQUENCY TREND)														
97	3,775	149,110	0	0	0	0	1	144	18	1,294	52	3.950		
98	2,330	225,850	0	0	2	943	5	708	8	576	32	9.693		
99	1,919	179,999	0	0	0	0	10	1,418	5	358	24	9.380		
00	4,735	28,219	0	0	0	0	1	142		82	58	.596		
01	10,282	248,589	0	0	2	942	10	1,419		3	123	2.418		
ALL	23,041	831,767	0	0	4	1,885	27	3,831	31	2,313	289	3.610		
PURE PREMIUM		3.610	.000	.000		.818		1.663		1.004	.125			
C. REPORTED PAYROLLS, TRANSLATED LOSSES & PURE PREMIUMS (INCLUDING IBNR AND FREQUENCY TREND)														
97	3,775	127,607	0	0	0	0	3	433	11	791	52	3.380		
98	2,330	121,817	0	0	1	471	2	283	6	432	32	5.228		
99	1,919	52,441	0	0	0	0	1	142	5	358	24	2.733		
00	4,735	70,814	0	0	0	0	4	568		82	58	1.496		
01	10,282	253,249	0	0	3	1,412	7	993		3	125	2.463		
ALL	23,041	625,928	0	0	4	1,883	17	2,419	22	1,666	291	2.717		
PURE PREMIUM		2.717	.000	.000		.817		1.050		.723	.126			