

DELAWARE COMPENSATION RATING BUREAU, INC.

Indicated Residual Market Rate Change

This exhibit shows the indicated change in overall rate level for the Delaware residual market rate and loss cost revision.

INDICATED CHANGE IN RATE LEVEL

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1a) Policy Year 2002 Loss and Loss Adjustment Expense Ratio	0.2668	0.3331	0.5999
(1b) Policy Year 2003 Loss and Loss Adjustment Expense Ratio	0.2617	0.3447	0.6064
(1c) Policy Year 2004 Loss and Loss Adjustment Expense Ratio	0.2256	0.3208	0.5464
(1d) Policy Year 2005 Loss and Loss Adjustment Expense Ratio	0.2079	0.3047	0.5126
(1e) Average (Midpoint = 7/1/2004)	0.2405	0.3258	0.5663
(2a) Policy Year 2002 Loss and LAE Ratio Trended to 12/1/2008	0.1913	0.3422	
(2b) Policy Year 2003 Loss and LAE Ratio Trended to 12/1/2008	0.1985	0.3525	
(2c) Policy Year 2004 Loss and LAE Ratio Trended to 12/1/2008	0.1810	0.3266	
(2d) Policy Year 2005 Loss and LAE Ratio Trended to 12/1/2008	0.1764	0.3088	
(2e) Average at 12/1/2008	0.1868	0.3325	0.5193
(3a) Excess Loss Factor at \$1,900,000			0.1242
(3b) Provision for Excess Loss (4a)-(2e)			0.0736
(4a) Total Trended Loss and LAE Ratio (2e)/(1.0-(3a))	0.1986	0.3943	0.5929
(4b) Percentage of Total	33.5%	66.5%	
(5) Permissible Loss and Loss Adjustment Ratio			0.7376
(6) Indicated Change in Rates (4a) / (5)			0.8038
(7) Estimated Effect of the 7/1/08 Benefit Change			1.0042
(8) Change in Residual Market Rate Level (6) * (7)			0.8072
(9) Change in Voluntary Market Loss Costs (8) * [0.7627 / 0.7292]			0.8443

CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP

	Mfg.	Cont.	Other	Total
(10) Current Collectible Premium Ratio	1.0979	1.1053	1.0489	
(11) Proposed Collectible Premium Ratio	1.1079	1.0761	1.0108	
(12) Change in Collectible Premium Ratio (11) / (10)	1.0091	0.9736	0.9637	0.9727
(13) Change in Residual Market Manual Rate Level (8) * (12)	0.8145	0.7859	0.7779	0.7852
(14) Change in Voluntary Market Manual Loss Cost Level (9) * (12)	0.8520	0.8220	0.8137	0.8213
(15) Current Offset for Residual Market Surcharge				0.9764
(16) Proposed Offset for Residual Market Surcharge				0.9832
(17) Adjusted Change in Voluntary Market Manual Loss Cost Level (14) * (16)/(15)	0.8579	0.8277	0.8194	0.8270