

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>
<b>(1a)</b> Policy Year 2003 Loss and Loss Adjustment Expense Ratio	0.3386	0.4777	0.8163
<b>(1b)</b> Policy Year 2004 Loss and Loss Adjustment Expense Ratio	0.2942	0.4559	0.7501
<b>(1c)</b> Policy Year 2005 Loss and Loss Adjustment Expense Ratio	0.2602	0.4167	0.6769
<b>(1d)</b> Policy Year 2006 Loss and Loss Adjustment Expense Ratio	0.2413	0.3801	0.6214
<b>(1e)</b> Average (Midpoint = 7/1/2005)	0.2836	0.4326	0.7162
<b>(2a)</b> Policy Year 2003 Loss and LAE Ratio Trended to 12/1/2009	0.2148	0.4064	
<b>(2b)</b> Policy Year 2004 Loss and LAE Ratio Trended to 12/1/2009	0.2016	0.3986	
<b>(2c)</b> Policy Year 2005 Loss and LAE Ratio Trended to 12/1/2009	0.1925	0.3744	
<b>(2d)</b> Policy Year 2006 Loss and LAE Ratio Trended to 12/1/2009	0.1928	0.3510	
<b>(2e)</b> Average at 12/1/2009	0.2004	0.3826	0.5830
<b>(3a)</b> Excess Loss Factor at \$2,115,000			0.1162
<b>(3b)</b> Provision for Excess Loss (4a)-(2e)			0.0767
<b>(4a)</b> Total Trended Loss and LAE Ratio (2e)/(1.0-(3a))	0.2083	0.4514	0.6597
<b>(4b)</b> Percentage of Total	31.6%	68.4%	
<b>(5)</b> Permissible Loss and Loss Adjustment Ratio			0.7227
<b>(6)</b> Indicated Change in Rates (4a) / (5)			0.9128
<b>(7)</b> Estimated Effect of the 7/1/09 Benefit Change			1.0009
<b>(8)</b> Indicated Change in Residual Market Rate Level (6) * (7)			0.9136
<b>(8a)</b> Factor to Adjust for Commissioner's Order of December 30, 2008			0.9880
<b>(8b)</b> Change in Residual Market Rate Level to Reflect Commissioner's Order (8) * (8a)			0.9026
<b>(9)</b> Indicated Change in Voluntary Market Loss Costs (8) * [0.7511 / 0.7627]			0.8997
<b>(9a)</b> Factor to Adjust for Commissioner's Order of December 30, 2008			0.9878
<b>(9b)</b> Change in Voluntary Market Rate Level to Reflect Commissioner's Order (9) * (9a)			0.8887

## CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP

	<b>Mfg.</b>	<b>Cont.</b>	<b>Other</b>	<b>Total</b>
<b>(10)</b> Current Collectible Premium Ratio	1.1079	1.0761	1.0108	
<b>(11)</b> Proposed Collectible Premium Ratio	1.1038	1.0532	0.9782	
<b>(12)</b> Change in Collectible Premium Ratio (11) / (10)	0.9963	0.9787	0.9677	0.9749
<b>(13)</b> Change in Residual Market Manual Rate Level (8b) * (12)	0.8993	0.8834	0.8734	0.8799
<b>(14)</b> Change in Voluntary Market Manual Loss Cost Level (9b) * (12)	0.8854	0.8698	0.8600	0.8664
<b>(15)</b> Current Offset for Residual Market Surcharge				0.9832
<b>(16)</b> Proposed Offset for Residual Market Surcharge				0.9925
<b>(17)</b> Adjusted Change in Voluntary Market Manual Loss Cost Level (14) * (16)/(15)	0.8938	0.8780	0.8681	0.8746