

DELAWARE COMPENSATION RATING BUREAU, INC.

State and Hazard Group Relativities

The attached exhibit pages present an analysis of Delaware State and Hazard Group relativities.

The exhibit shows the derivation of the December 1, 2012 proposed relativities. DCRB and NCCI average costs are shown by hazard group and in total. A credibility weight is calculated for each hazard group based on the number of claims. A credibility weighted average cost is then calculated and these average costs are related to the NCCI overall average cost to generate the indicated (and selected) relativities. An adjustment has been made to recognize the impact of Senate Bill 1 on Delaware average costs.

The bottom of the exhibit presents the approved December 1, 2010 relativities.

**Derivation of State Hazard Group Relativities
Delaware December 1, 2012 Filing**

Hazard Group	DCRB Average Cost (1)	Ratio to DCRB Total (2)=(1)All/(1)i	Ratio to NCCI Total (3)=(4)All/(4)i	NCCI Average Cost (4)	Ratio to NCCI Total (5)=(4)All/(4)i	# Claims (6)	Credibility * (7)	Cred Wtd Average Cost** (8)	Ratio to NCCI Total (9)=(4)All/(8)i	Selected St & HG Relativity (10)
A	78,142	1.837	0.730	32,299	1.766	670	0.066	31,834	1.791	1.791
B	109,225	1.314	0.522	44,134	1.292	1,703	0.105	46,398	1.229	1.229
C	128,590	1.116	0.443	49,538	1.151	3,599	0.152	56,694	1.006	1.006
D	130,546	1.100	0.437	54,838	1.040	944	0.078	54,893	1.039	0.972
E	160,816	0.893	0.355	64,617	0.883	2,070	0.116	69,167	0.824	0.819
F	259,330	0.554	0.220	78,535	0.726	981	0.080	84,639	0.674	0.674
G	274,662	0.523	0.208	103,311	0.552	147	0.031	97,040	0.588	0.588
All	143,570		0.397	57,027		10,114	0.255	74,180		

* Credibility = [# claims by TOI / 155,000]^{0.5}

** DCRB Avg Cost * Cred + NCCI Avg Cost * (1-Cred) * 0.8843

Delaware December 1, 2010 Filing

Hazard Group	Approved Relativity
A	1.897
B	1.362
C	1.140
D	1.105
E	0.931
F	0.763
G	0.601