

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, 2015 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, Senate Bill 238, House Bill 175 and House Bill 373 on Delaware average costs.

The bottom of the exhibit presents the approved December 1, 2014 relativities.

**Derivation of State Hazard Group Relativities  
Delaware December 1, 2015 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	43,294	2.265	1.368	36,824	1.608	709	0.068	37,264	1.589	1.589
B	72,650	1.350	0.815	45,756	1.294	1,623	0.102	48,499	1.221	1.221
C	84,490	1.161	0.701	50,347	1.176	3,598	0.152	55,537	1.066	1.066
D	102,988	0.952	0.575	59,419	0.997	923	0.077	62,774	0.943	0.943
E	128,229	0.765	0.462	70,048	0.845	2,016	0.114	76,681	0.772	0.772
F	162,245	0.604	0.365	84,394	0.702	768	0.070	89,844	0.659	0.659
G	227,362	0.431	0.260	97,393	0.608	111	0.027	100,902	0.587	0.587
All	98,072		0.604	59,215		9,748	0.251	68,968		

\* Credibility = [ # claims by TOI / 155,000 ]<sup>0.5</sup>

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

**Delaware December 1, 2014 Filing**

Hazard Group	Approved Relativity
A	1.627
B	1.178
C	0.980
D	0.957
E	0.750
F	0.644
G	0.537