

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, 2019 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, 2018 relativities.

**Derivation of State Hazard Group Relativities
Delaware December 1, 2019 Filing**

Hazard Group	DCRB Average Cost	Ratio to DCRB Total	Ratio to NCCI Total	NCCI Average Cost	Ratio to NCCI Total	# Claims	Credibility *	Cred Wtd Average Cost**	Ratio to NCCI Total	Selected St & HG Relativity
	(1)	(2)=(1)All/(1)i	(3)=(4)All/(1)i	(4)	(5)=(4)All/(4)i	(6)	(7)	(8)	(9)=(4)All/(8)i	(10)
A	48,012	1.969	1.244	37,292	1.602	696	0.067	38,010	1.572	1.572
B	71,881	1.315	0.831	45,689	1.307	1,761	0.107	48,492	1.232	1.232
C	76,794	1.231	0.778	51,116	1.169	3,957	0.160	55,224	1.082	1.082
D	85,334	1.108	0.700	60,165	0.993	952	0.078	62,128	0.961	0.961
E	106,630	0.887	0.560	71,093	0.840	1,899	0.111	75,038	0.796	0.796
F	201,138	0.470	0.297	87,212	0.685	779	0.071	95,301	0.627	0.627
G	544,092	0.174	0.110	100,004	0.597	101	0.026	111,550	0.536	0.536
All	94,553		0.632	59,736		10,145	0.256	68,649		

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

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

Delaware December 1, 2018 Filing

Hazard Group	Approved Relativity
A	1.548
B	1.228
C	1.074
D	0.951
E	0.780
F	0.650
G	0.534