

DELAWARE COMPENSATION RATING BUREAU, INC.

Excess Loss Ratios and Loss Limitations

Page 1 shows a history of loss limits consistent with an excess loss ratio of 0.0757 for excess loss factor revisions since 1983, the 0.0757 ratio corresponding to a loss limit of \$1,043,461 effective with the December 1, 2004 filing when a limited loss approach was first introduced. An exponential curve fit to the loss limitations from 1981 to 2004 showed an average annual change of 6.27% in loss limits, which is applicable to Policy Years December 1, 2004 and prior.

After review of recent changes in loss limitations, an average annual change of 4.61% was selected for Policy Years 2005 through 2016. An average annual change of 3.20% was selected for Policy Years 2017 and subsequent.

Page 2 shows the calculation of loss limits by policy year with the underlying annual changes in the loss limit as described above.

Page 3 shows the calculation of the excess loss ratio consistent with a loss limitation of \$1,742,306 per claim in the current filing. Excess ratios, prior to adjustments for expense and risk load, are weighted with standard premiums by hazard group to get an average excess ratio of 0.0796.

All calculations in this exhibit are made on a post-House Bill 373 basis.

**Delaware December 1, 2020 Rate & Loss Cost Filing
Loss Limitations for Excess Loss Factor = 0.0757
All Losses at Post-HB373 Levels**

Applicable to policy years beginning 12/1/2004 and Earlier

Policy Year	Midpoint	Time (t)	Loss Limit at ELF = 0.0757
1983	1/1/1984	1.0000	275,196
1984	1/1/1985	2.0000	292,451
1985	1/1/1986	3.0000	310,787
1986	1/1/1987	4.0000	330,274
1987	1/1/1988	5.0000	350,982
1988	1/1/1989	6.0000	372,989
1989	1/1/1990	7.0000	396,375
1990	1/1/1991	8.0000	421,228
1991	1/1/1992	9.0000	447,639
1992	1/1/1993	10.0000	475,706
1993	1/1/1994	11.0000	505,532
1994	1/1/1995	12.0000	537,229
1995	1/1/1996	13.0000	570,913
1996	1/1/1997	14.0000	606,710
1997	1/1/1998	15.0000	644,750
1998	1/1/1999	16.0000	685,176
1999	1/1/2000	17.0000	728,137
2000	1/1/2001	18.0000	773,791
2001	1/1/2002	19.0000	822,308
2002	1/1/2003	20.0000	873,866
2003	1/1/2004	21.0000	928,658
2004	1/1/2005	22.0000	986,885
12/1/2004	12/1/2005	22.9167	1,043,461

Annual Trend = 0.0627

Applicable to Policy Years after 12/1/2004

Policy Year	Midpoint	Time (t)	Loss Limit at ELF = 0.0757	Ratio to \$1,043,461	Annual Change from \$1,043,461
12/1/2004	12/1/2005	1.0000	1,043,461	1.0000	
2005	1/1/2006	1.0833	1,049,725	1.0060	1.0745
2006	1/1/2007	2.0833	1,127,930	1.0810	1.0745
2007	1/1/2008	3.0833	1,211,961	1.1615	1.0745
2008	1/1/2009	4.0833	1,296,164	1.2422	1.0729
2009	1/1/2010	5.0833	1,373,286	1.3161	1.0696
2010	1/1/2011	6.0833	1,454,996	1.3944	1.0676
2011	1/1/2012	7.0833	1,541,569	1.4774	1.0663
2012	1/1/2013	8.0833	1,633,292	1.5653	1.0653
2013	1/1/2014	9.0833	1,725,981	1.6541	1.0642
2014	1/1/2015	10.0833	1,823,499	1.7475	1.0634
2015	1/1/2016	11.0833	1,926,526	1.8463	1.0627
12/1/2016	12/1/2017	13.0000	2,140,551	2.0514	1.0617
12/1/2017	12/1/2018	14.0000	1,930,710	1.8503	1.0485
12/1/2018	12/1/2019	15.0000	1,819,104	1.7433	1.0405
12/1/2019	12/1/2020	16.0000	1,657,464	1.5884	1.0313
12/1/2020	12/1/2021	17.0000	1,547,323	1.4829	1.0249

**Annual Trend for Policy Years 2005 through 2016 = 0.0461
(from DCRB Filing No. 1902 effective 12/1/2019)**

Average of latest 3 years
 $1,674,630 = (1,819,104 + 1,657,464 + 1,547,323) / 3$

Annual Trend from 12/1/2005 to 12/1/2020
 $= (1,674,630 / 1,043,461) ^ (1/15) = 1.0320$

Annual Trend for Policy Years 2017 and subsequent = 0.0320

Delaware December 1, 2020 Rate & Loss Cost Filing
Calculation of Policy Year Loss Limitations
All Losses at Post-HB373 Levels

Policy Year * (1)	Midpoint (2)	Time (t) (3)	Trend period To/From 12/1/2005 (4)	Annual Trend + (5)	Trend Factor (6) = [1+(5)]^(4)	Loss Limit (7) = (6) * 1,043,461
1983	1/1/1984	1.0000	-21.9167	0.0627	0.263734	275,196
1984	1/1/1985	2.0000	-20.9167	0.0627	0.280270	292,451
1985	1/1/1986	3.0000	-19.9167	0.0627	0.297843	310,787
1986	1/1/1987	4.0000	-18.9167	0.0627	0.316518	330,274
1987	1/1/1988	5.0000	-17.9167	0.0627	0.336363	350,982
1988	1/1/1989	6.0000	-16.9167	0.0627	0.357453	372,989
1989	1/1/1990	7.0000	-15.9167	0.0627	0.379866	396,375
1990	1/1/1991	8.0000	-14.9167	0.0627	0.403683	421,228
1991	1/1/1992	9.0000	-13.9167	0.0627	0.428994	447,639
1992	1/1/1993	10.0000	-12.9167	0.0627	0.455892	475,706
1993	1/1/1994	11.0000	-11.9167	0.0627	0.484477	505,532
1994	1/1/1995	12.0000	-10.9167	0.0627	0.514853	537,229
1995	1/1/1996	13.0000	-9.9167	0.0627	0.547134	570,913
1996	1/1/1997	14.0000	-8.9167	0.0627	0.581440	606,710
1997	1/1/1998	15.0000	-7.9167	0.0627	0.617896	644,750
1998	1/1/1999	16.0000	-6.9167	0.0627	0.656638	685,176
1999	1/1/2000	17.0000	-5.9167	0.0627	0.697809	728,137
2000	1/1/2001	18.0000	-4.9167	0.0627	0.741562	773,791
2001	1/1/2002	19.0000	-3.9167	0.0627	0.788058	822,308
2002	1/1/2003	20.0000	-2.9167	0.0627	0.837469	873,866
2003	1/1/2004	21.0000	-1.9167	0.0627	0.889979	928,658
2004	1/1/2005	22.0000	-0.9167	0.0627	0.945780	986,885
12/1/2004	12/1/2005	22.9167	0.0000	-	1.000000	1,043,461
2005	1/1/2006	23.0000	0.0833	0.0461	1.003763	1,047,387
2006	1/1/2007	24.0000	1.0833	0.0461	1.050036	1,095,672
2007	1/1/2008	25.0000	2.0833	0.0461	1.098443	1,146,182
2008	1/1/2009	26.0000	3.0833	0.0461	1.149081	1,199,021
2009	1/1/2010	27.0000	4.0833	0.0461	1.202054	1,254,296
2010	1/1/2011	28.0000	5.0833	0.0461	1.257468	1,312,119
2011	1/1/2012	29.0000	6.0833	0.0461	1.315438	1,372,608
2012	1/1/2013	30.0000	7.0833	0.0461	1.376079	1,435,885
2013	1/1/2014	31.0000	8.0833	0.0461	1.439517	1,502,080
2014	1/1/2015	32.0000	9.0833	0.0461	1.505878	1,571,325
2015	1/1/2016	33.0000	10.0833	0.0461	1.575299	1,643,764
2016	1/1/2017	34.0000	11.0833	0.0461	1.647921	1,719,541
2017	1/1/2018	35.0000	12.0833	0.0320	1.700654	1,774,566
2018	1/1/2019	36.0000	13.0833	0.0320	1.755075	1,831,352
2019	1/1/2020	37.0000	14.0833	0.0320	1.811238	1,889,956
12/1/2020	12/1/2021	38.9167	16.0000	0.0320	1.923955	2,007,572

* Beginning 1/1/XXXX unless otherwise noted.

+ See page 1.

Delaware December 1, 2020 Rate & Loss Cost Filing
Average Excess Ratio for Losses Limited at \$1,742,306 #
(Post-HB373 Basis)

Hazard Group	Standard Earned Premium	Average Excess Ratio
A	36,589,335	0.0265
B	114,643,113	0.0635
C	275,837,249	0.0585
D	77,368,683	0.0872
E	146,079,470	0.0986
F	83,383,241	0.1334
G	19,010,948	0.1732
TOTAL	752,912,039	0.0796

\$1,742,306 is the average of the loss limits for Policy Years 2015 through 2018 on page 2.