



August 28, 2008

BUREAU CIRCULAR NO. 839

To All Members of the Bureau:

**Re: MANUAL LANGUAGE, STATISTICAL PLAN AND ENDORSEMENT FORMS
TERRORISM AND CATASTROPHES OTHER THAN CERTIFIED ACTS OF TERRORISM
EFFECTIVE SEPTEMBER 1, 2008**

The Bureau has previously submitted a filing of revised Basic Manual and Statistical Plan language, endorsement forms and rating values **effective** for new and renewal policies with anniversary rating dates of **September 1, 2008** and later. That filing, Bureau Filing No. 0805, responded to countrywide developments since the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA) and subsequent to the Bureau's earlier filing, No. 0802, which adopted initial changes necessary to comply with provisions of that law. The September 1, 2008 effective date was coordinated with the intended implementation of similar changes in other jurisdictions across the country.

The Insurance Commissioner has approved Bureau Filing No. 0805. The filing approval authorizes the use of two endorsements as prepared by the National Council on Compensation Insurance, Inc. (NCCI), along with pertinent Manual and Statistical Plan language changes and the deletion of two existing endorsements made obsolete by the enactment of TRIPRA and/or the language contained in the proposed new endorsements.

Approved Forms

The approved endorsement forms are amended versions of existing approved forms in Delaware. These endorsements are as follow:

WC 00 04 21 C – Catastrophe (Other Than Certified Acts of Terrorism) Premium Endorsement

WC 00 04 22 A – Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement

Carrier Filing Requirements:

The Bureau has requested, and the Department of Insurance has granted, an exception to prevailing filing requirements for the purposes of adopting this filing's endorsement forms and rating values. Members are advised that Delaware carriers will be allowed to use this filing's forms and rating values without submitting separate adoption filings. This exception is limited only to this filing, and carriers are advised that separate adoption filings are expected to be required of carriers upon approval of subsequent Bureau filings.

Manual language is being revised consistent with new definitions of the scope of Statistical Codes 9740 and 9741, respectively, which are proposed to be defined as follow:

Code 9740 – Terrorism

Code 9741 – Catastrophe (Other than Certified Acts of Terrorism)

Manual language changes being proposed in this filing are shown in Exhibit 1 attached, with the portions being deleted shown with strike-throughs and with the added language appearing underlined.

In addition to such Manual language changes, two existing endorsement forms are being proposed to be eliminated and two others are proposed for amendment in this filing.

The endorsement forms proposed to be **eliminated** are as follow:

WC 00 01 13 A – Terrorism Risk Insurance Program Reauthorization Act Endorsement

WC 07 04 09 – Terrorism, Earthquakes and Catastrophic Industrial Accidents Premium Endorsement

The endorsement forms proposed for **revision** are as follow:

WC 00 04 21 B – Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents Premium Endorsement

revised to

WC 00 04 21 C – Catastrophe (Other Than Certified Acts of Terrorism) Premium Endorsement

WC 00 04 22 – Foreign Terrorism Premium Endorsement

revised to

WC 00 04 22 A – Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement

Copies of the revised endorsements are attached in Exhibit 1.

The changes to the Statistical Plan are shown with the language being deleted indicated with strike-throughs and with the added language appearing underlined. These changes are intended to conform that document with the most recent treatment of provisions of TRIPRA. These changes include revisions comparable to those of the Basic Manual and to various illustrative examples within the Statistical Plan, making those definitions and certain dates shown in the examples consistent with the effective date of TRIPRA. The new Statistical Plan language is attached as Exhibit 2.

Shown below is the section of our rating values table that will be affected by the revised values for Codes 9740 and 9741.

	APPROVED LOSS COST	APPROVED RESIDUAL MARKET RATES	APPROVED EXPERIENCE RATING PLAN <u>Expected Loss Factors Table</u>			HAZARD GROUP
CODE	EFF. 9/1/08	EFF. 9/1/08	A-1	A-2	A-3	
9740	\$0.01	\$0.02				
9741	0.01	0.01				

Questions regarding this circular may be directed to Betty Ann Campbell, Director of Rating Rules and Policy Information, at (215) 320-4425 or bcampbell@dcrb.com, Bruce Decker, Senior Vice President, at (215) 320-4411 or bdecker@dcrb.com, Bonnie Piacentino, Director of Statistical Reporting, at (215) 320-4456 or bpiacentino@dcrb.com, or me at (215) 320-4413 or twisecarver@dcrb.com.

The Basic and Statistical Plan Manuals will be updated on our website (www.dcrb.com) at a later date.

Timothy L. Wisecarver
President

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Attachments
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Remember to visit our web site at www.pcrb.com for more information about this and other topics.

Delaware Workers Compensation Manual
Effective September 1, 2008

PREFACE

- A. This Manual of risk classes, underwriting rules, Bureau rating values and rating plans has been filed with the Delaware Insurance Department as required by Delaware Law. It is effective 12:01A.M ~~June 1, 2008~~ September 1, 2008 with respect to all policies, the effective date of which is ~~June 1, 2008~~ September 1, 2008 or thereafter, subject to the following express conditions, for the insurance companies, corporations and associations listed herein and for no other insurance company, corporation or association.

~~The following portions of this Manual may, at the option of the insurance companies, corporations, associations and exchanges enumerated in the attached list, be applied to selected policies in force as of November 26, 2002:~~

- ~~• Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents Premium Endorsement **WC 00-04-21A**~~
- ~~• Terrorism Risk Insurance Extension Act Endorsement **WC 00-01-13**~~
- ~~• Foreign Terrorism Premium Endorsement **WC 00-04-22**~~

SECTION 1 – UNDERWRITING RULES

RULE VI – RATING VALUES AND PREMIUM DETERMINATION

A. BUREAU RATING VALUES

3. ~~Foreign~~ Terrorism

Premium for ~~Foreign~~ Terrorism is calculated on the basis of total payroll according to Rule V. The premium charge is calculated by dividing a risk's total payroll by \$100 and multiplying the result times the carrier's rating value. This premium is applied after standard premium and is not subject to any other modifications, including but not limited to premium discount, experience rating, schedule rating, or retrospective rating. Non-payroll exposures are not subject to premium charges for ~~Foreign~~ Terrorism. Policies issued on an "If Any" basis will not be charged a terrorism rate, unless premium develops during the policy term or at audit. Per capita charges are not subject to premium for ~~Foreign~~ Terrorism.

~~Foreign~~ Terrorism shall be separately stated on the Standard Policy and shall be designated to Statistical Code 9740.

**4. ~~Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents (DTEC)-~~
Catastrophe (other than Certified Acts of Terrorism)**

Premium for ~~Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents-~~
Catastrophe (other than Certified Acts of Terrorism) is calculated on the basis of total payroll according to Rule V. The premium charge is calculated by dividing a risk's total payroll by \$100 and multiplying the result times the carrier's rating value. This premium is applied after standard premium and is not subject to any other modifications, including but not limited to premium discount, experience rating, schedule rating, or retrospective rating.

Non-payroll exposures are not subject to premium charges for ~~Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents~~ Catastrophe (other than Certified Acts of Terrorism). Policies issued on an "If Any" basis will not be charged ~~a terrorism rate this premium~~, unless premium develops during the policy term or at audit. Per capita charges are not subject to premium for ~~Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents~~ Catastrophe (other than Certified Acts of Terrorism).

~~Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents~~ Catastrophe (other than Certified Acts of Terrorism) shall be separately stated on the Standard Policy and shall be designated to Statistical Code 9741.

H. PREMIUM CALCULATION ALGORITHM

Delaware and Pennsylvania workers compensation industry.

Updates optional..... **October 1, 2004.**

**Pennsylvania and Delaware Workers Compensation Premium Algorithm
Premium Calculation Algorithm**

Line #	Item Name	Associated Statistical Code	Line #	Source & Derivation
(1)	Classification	xxxx	(1)	Carrier value
(2)	Exposure	xxxx	(2)	Risk characteristic
(3)	Carrier Rating Value	xxxx	(3)	Carrier value
(4)	Classification Manual Premium		(4)	(2)/100x(3) if classification has payroll exposure. Special procedures apply to non-payroll classes
(5)	Total Policy Manual Premium		(5)	Sum of (4) for all classifications on the policy
(6)	Employer Liability Increased Limits Factor	xxxx	(6)	Carrier value
(7)	Employer Liability Increased Limits Premium Charge		(7)	(5)x[(6) expressed as a decimal]
(8)	Minimum Premium Employer Liability Increased Limits	9848	(8)	Carrier value
(9)	Minimum Premium Employer Liability Increased Limits Premium Charge	9848	(9)	[(8)-(7)] if (7)<(8) and (6) >0, otherwise zero
(10)	Subject Deductible Credit Percentage	9664	(10)	Carrier value
(11)	Subject Deductible Premium Credit	9664	(11)	[(5)+(7)+(9)]x[(-10) expressed as a decimal]
(12)	Waiver of Subrogation Charge	0930	(12)	Carrier value - subject to experience modification
(13)	Waiver of Subrogation Premium	0930	(13)	Value from Line (12)
(14)	Total Subject Premium		(14)	[(5)+(7)+(9)+(11)+(13)]
(15)	Experience Modification	9898	(15)	Zero for non-experience-rated risks
(16)	Modified Premium		(16)	(14)x(15)
(17)	Merit Rating Credit Factor	9885	(17)	Zero if Merit Rating Credit does not apply
(18)	Merit Rating Credit	9885	(18)	(14)x[(-17) expressed as a decimal]
(19)	Merit Rating Neutral Factor	9884	(19)	Zero whether Merit Rating Neutral Adjustment (no credit or debit) does or does not apply
(20)	Merit Rating Neutral Adjustment	9884	(20)	(14)x[(19) expressed as a decimal]

**Pennsylvania and Delaware Workers Compensation Premium Algorithm
Premium Calculation Algorithm**

Line #	Item Name	Associated Statistical Code	Line #	Source & Derivation
(21)	Merit Rating Debit Factor	9886	(21)	Zero if Merit Rating Debit does not apply
(22)	Merit Rating Charge	9886	(22)	(14)x[(21) expressed as a decimal]
(23)	Premium After Experience Modification or Merit Rating		(23)	(16) if Experience-Rated, [(14)+(18)+(20)+(22)] if Merit-Rated, (14) if Non-Rated
(24)	Non-Ratable Classifications	xxxx	(24)	Carrier Value
(25)	Non-Ratable Classifications Exposure		(25)	Portion of payroll exposure subject to Non-Ratable Classifications
(26)	Non-Ratable Classification Rating Value	xxxx	(26)	Carrier Value
(27)	Non-Ratable Classification Premium		(27)	(25)/100x(26) [based on applicable Non-Ratable Classification exposure]
(28)	Aircraft Seat Surcharge Exposure (# of seats)	9108	(28)	Actual number of seats for insured risk. Subject to maximum 10 seats per aircraft
(29)	Aircraft Seat Surcharge	9108	(29)	Carrier Value
(30)	Aircraft Seat Surcharge Premium Charge	9108	(30)	(28) x (29)
(31)	Workfare Program Employees Exposure (PA)	0982	(31)	Number of person weeks. A partial workweek for any worker to be counted as 1 person week.
(32)	Workfare Program Employees Rating Value (PA)	0982	(32)	Carrier Value
(33)	Workfare Program Employees Premium (PA)	0982	(33)	(31) x (32)
(34)	Non-Ratable Classification Premium Total		(34)	Sum of all (27)+(30)+(33) premiums
(35)	Non-Ratable Classification Increased Limits Factor	xxxx	(35)	Carrier value
(36)	Non-Ratable Classification Increased Limits Premium Charge	xxxx	(36)	(34)x [(35) expressed as a decimal]
(37)	Minimum Premium Non-Ratable Classification Increased Limits	9848	(37)	Carrier value
(38)	Minimum Premium Non-Ratable Classification Increased Limits Premium Charge	9848	(38)	[(37)-(36)] if (36) < (37) and (35) > 0, otherwise zero
(39)	Premium Before Schedule Rating		(39)	(23)+(34)+(36)+(38)
(40)	Schedule Rating Plan Adjustment Factor	9887/9889	(40)	Carrier value - use 9887 for schedule credits and 9889 for schedule debits
(41)	Schedule Rating Plan Premium Adjustment	9887/9889	(41)	(39)x[(40) expressed as a decimal]. For schedule credits Line (41) will be negative
(42)	Certified Safety Committee Credit Factor (PA)	9890	(42)	Credit applies if insured is certified.
(43)	Certified Safety Committee Premium Credit (PA)	9890	(43)	[(39)+(41)]x[(-42) expressed as a decimal]
(44)	Workplace Safety Program Credit Factor (DE)	9880	(44)	Credit applies if insured qualifies

**Pennsylvania and Delaware Workers Compensation Premium Algorithm
Premium Calculation Algorithm**

Line #	Item Name	Associated Statistical Code	Line #	Source & Derivation
(45)	Workplace Safety Program Premium Credit (DE)	9880	(45)	$[(39)+(41)] \times [(-44)]$ expressed as a decimal]
(46)	Construction Classification Premium Adjustment Program Credit Factor	9046	(46)	Based on wage level(s), application to rating organization
(47)	Construction Classification Premium Adjustment Program Premium Credit	9046	(47)	$[(39)+(41)] \times [(-46)]$ expressed as a decimal]
(48)	Drug-Free Workplace Factor (DE)	9846	(48)	Carrier value
(49)	Drug-Free Workplace Credit (DE)	9846	(49)	$[(39)+(41)+(45)+(47)] \times [(-48)]$ expressed as a decimal]
(50)	Managed Care Factor (DE)	9874	(50)	Carrier value
(51)	Managed Care Credit (DE)	9874	(51)	$[(39)+(41)+(45)+(47)+(49)] \times [(-50)]$ expressed as a decimal]
(52)	Package Credit Factor (DE)	9721	(52)	Carrier value
(53)	Package Credit (DE)	9721	(53)	$[(39)+(41)+(45)+(47)+(49)+(51)] \times [(-52)]$ expressed as a decimal]
(54)	Premium After Managed Care and Package Credit If Applicable		(54)	$[(39)+(41)+(43)+(45)+(47)+(49)+(51)+(53)]$
(55)	Assigned Risk Surcharge Factor (DE)	0277	(55)	May apply to some or all assigned risks based on plan and characteristics of individual insured
(56)	Assigned Risk Premium Surcharge (DE)	0277	(56)	$(54) \times [(55)]$ expressed as a decimal]
(57)	Deductible Credit Factor	9663	(57)	Carrier value
(58)	Deductible Premium Credit	9663	(58)	$[(54)+(56)] \times [(-57)]$ expressed as a decimal]
(59)	Loss Constant	0032	(59)	Carrier value - may vary based on risk premium size
(60)	Loss Constant Charge	0032	(60)	Line (59) if applicable
(61)	Short Rate Cancellation Factor	0931	(61)	Carrier value - zero if short rate cancellation does not apply
(62)	Short Rate Premium	0931	(62)	$[(54)+(56)+(58)+(60)] \times [(61)-1.0000]$ if (61)>0, otherwise zero
(63)	Expense Constant	0900	(63)	Carrier value if applicable
(64)	Expense Constant Charge	0900	(64)	Line (63)
(65)	Minimum Premium	0990	(65)	Carrier value
(66)	Minimum Premium Charge	0990	(66)	If (65)> $[(54)+(56)+(58)+(60)+(62)+(64)]$, (65)- $[(54)+(56)+(58)+(60)+(62)+(64)]$, otherwise zero
(67)	Unit Statistical Report Total Standard Premium		(67)	$[(54)+(56)+(58)+(60)+(62)+(66)]$
(68)	Premium Discount Amount	0063/0064	(68)	Carrier value based on $[(54)+(56)+(58)+(60)+(62)+(66)]$
(69)	Additional premium Waiver of Subrogation (flat charge)	9115	(69)	Carrier value(s)
(70)	Foreign -Terrorism	9740	(70)	(Total payroll/100) x carrier rating value
(71)	Domestic Terrorism, Earthquakes	9741	(71)	(Total payroll/100) x carrier rating value

	and Catastrophic Industrial Accidents <u>Catastrophe (other than Certified Acts of Terrorism)</u>			
(72)	Total Policy Premium Subject to Employer Assessment		(72)	(64)+(67)-(68)+(69)+(70)+(71)
(73)	Employer Assessment Factor Pursuant to Act 57 of 1997 (PA)	0938	(73)	Bureau value for the specific purpose of computing employer assessments
(74)	Employer Assessment Amount Pursuant to Act 57 of 1997 (PA)	0938	(74)	[(72)-(11)-(58)]x(73) NOTE: Cells (11) and (58) are credits. Subtracting these credits as shown effectively adds the premium reduction given for deductible coverage back into the premium for purposes of calculating employer assessments

RULE XIV – AGRICULTURAL, DOMESTIC WORKERS – RESIDENCES

E. BUREAU RATING VALUES AND PREMIUM

1. Bureau Rating Values

The Bureau Rating Values for Codes 0908, 0909, 0912 and 0913 are per capita premium charges. All Agriculture code rates are per \$100 of payroll. ~~Foreign Terrorism (9740) and Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents~~ Catastrophe (other than Certified Acts of Terrorism) (9741) do not apply to per capita classification premium charges.

SECTION 2 – CLASSIFICATIONS & RATING VALUES

9740 Terrorism Premium Charge.

Statistical **Code 9740** relates to premium charged for losses covered under the Terrorism Risk Insurance Act of 2002 (TRIA 2002), as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 (the Act). Premium developed under **Code 9740** is not subject to experience, merit or retrospective rating.

9741 ~~Domestic Terrorism, Earthquake and Catastrophic Industrial Accident~~ Catastrophe (other than Certified Acts of Terrorism).

Premium developed under Code 9741 is not subject to experience, merit or retrospective rating.

SECTION 3 – ENDORSEMENTS

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 00 01 13 A

TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT ENDORSEMENT

DELETED IN ITS ENTIRETY

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 00 04 21 BC

~~DOMESTIC TERRORISM, EARTHQUAKES, AND CATASTROPHIC INDUSTRIAL ACCIDENTS~~ CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) PREMIUM ENDORSEMENT

This endorsement is notification that your insurance carrier is charging premium to cover the losses that may occur in the event of ~~domestic terrorism, earthquakes and/or a catastrophic industrial accident~~ Catastrophe (other than Certified Acts of Terrorism) as that term is defined below.

Your policy provides coverage for workers compensation losses caused by ~~acts of domestic terrorism, earthquakes, and/or catastrophic industrial accident including workers compensation benefit obligations dictated by state law. Coverage for such losses is still subject to all terms, definitions, exclusions, and conditions in your policy, and any applicable federal and/or state laws, rules, or regulations~~ Catastrophe (other than Certified Acts of Terrorism).

~~The premium charge provides funding for the risk of earthquakes, catastrophic industrial accidents, and acts of domestic terrorism. It~~ This premium charge does not provide funding for ~~acts~~ Certified Acts of foreign terrorism ~~as that term is defined in the Foreign Terrorism Premium Endorsement (WC 00 04 22), attached to this policy contemplated under the Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 A), attached to this policy.~~

For purposes of this endorsement, the following definitions apply:

~~—Domestic terrorism: All acts of terrorism certified (as defined in the Terrorism Risk Insurance Act of 2002), or non-certified, that are outside the scope of the Foreign Terrorism Premium Endorsement (WC 00 04 22), and where aggregate workers compensation losses in excess of \$50 million.~~ Catastrophe (other than Certified Acts of Terrorism) Any single event, resulting from an Earthquake, Noncertified Act of Terrorism, or Catastrophic Industrial Accident, which results in aggregate workers compensation losses in excess of \$50 million.

Earthquake: The shaking and vibration at the surface of the earth resulting from underground movement along a fault plane or from volcanic activity ~~where aggregate workers compensation losses from the single event are in excess of \$50 million.~~

~~Catastrophic Industrial Accident: Any single event resulting in aggregate workers compensation losses in excess of \$50 million.~~

- Noncertified Act of Terrorism: An event that is not certified as an Act of Terrorism by the Secretary of Treasury pursuant to the Terrorism Risk Insurance Act of 2002 (as amended) but that meets all of the following criteria:
 - a. It is an act that is violent or dangerous to human life, property, or infrastructure;
 - b. The act results in damage within the United States, or outside of the United States in the case of the premises of United States missions or air carriers or vessels as those terms are defined in the Terrorism Risk Insurance Act of 2002 (as amended); and
 - c. It is an act that has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

- Catastrophic Industrial Accident: A chemical release, large explosion, or small blast that is localized in nature and affects workers in a small perimeter the size of a building.

The premium charge for the coverage your policy provides for workers compensation losses caused by a Catastrophe (other than Certified Acts of Terrorism) is shown in Item 4 of the Information Page or in the Schedule below:

Schedule

Notes:

- ~~1. This endorsement is mandatory effective on or after January 1, 2008 for new and renewal policies.~~
- ~~2. Each carrier should consider whether to attach this endorsement to new and renewal policies effective from December 26, 2007 through December 31, 2007.~~
- ~~3. Each carrier should consider whether to attach this endorsement to outstanding policies in force as of January 1, 2008.~~

<u>State</u>	<u>Rate</u>	<u>Premium</u>
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WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 00 04 22 A

~~FOREIGN-TERRORISM PREMIUM~~ RISK INSURANCE PROGRAM REAUTHORIZATION ACT DISCLOSURE
ENDORSEMENT

~~This endorsement is notification~~ This endorsement addresses the requirements of the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007. It serves to notify you of certain limitations under the Act, and that your insurance carrier is charging premium for losses that may occur in the event of an act of ~~foreign~~-terrorism.

Your policy provides coverage for workers compensation losses caused by acts of ~~foreign~~-terrorism, including workers compensation benefit obligations dictated by state law. Coverage for such losses is still subject to all terms, definitions, exclusions, and conditions in your policy, and any applicable federal and/or state laws, rules, or regulations.

~~For purposes of this endorsement, an "act of foreign terrorism" is defined as:~~

- ~~a. Any act that is violent or dangerous to human life, property or infrastructure; and~~
- ~~b. The act has been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.~~

Definitions

The definitions provided in this endorsement are based on and have the same meaning as the definitions in the Act. If words or phrases not defined in this endorsement are defined in the Act, the definitions in the Act will apply.

"Act" means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments thereof resulting from the Terrorism Risk Insurance Program Reauthorization Act of 2007.

"Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside of the United States in the case of the premises of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Insured Loss" means any loss resulting from an act of terrorism (and, except for Pennsylvania, included an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at the premises of United States missions or to certain air carriers or vessels.

"Insurer Deductible" means, for the period beginning January 1, 2008 and ending on December 31, 2014, an amount equal to 20% of our direct earned premiums, over the calendar year immediately preceding the applicable Program Year.

"Program Year" refers to each calendar year between January 1, 2008 and December 31, 2014, as applicable.

Limitation of Liability

The Act limits our liability to you under this policy. If aggregate Insured Losses exceed \$100,000,000,000 in a Program Year and if we have met our Insurer Deductible, we are not liable for the payment of any portion of the amount of Insured Losses that exceeds \$100,000,000,000; and for aggregate Insured Losses up to \$100,000,000,000, we will pay only a pro rata share of such Insured Losses as determined by the Secretary of the Treasury.

Policyholder Disclosure Notice

1. Insured Losses would be partially reimbursed by the United States Government. If the aggregate industry Insured Losses exceed \$100,000,000 in a Program Year, the United States Government would pay 85% of our Insured Losses that exceed our Insurer Deductible.
2. Notwithstanding item 1 above, the United States Government will not make any payment under the Act for any portion of Insured Losses that exceed \$100,000,000,000.
3. The premium charge for the coverage your policy provides for ~~workers compensation-Insured L~~ losses ~~caused by an act of foreign terrorism is~~ is included in the amount-shown in Item 4 of the Information Page or in the Schedule below.

Schedule

Note:

~~This endorsement is mandatory effective on or after January 1, 2008 for new and renewal policies.~~

State

Rate

Premium

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 07 04 09

**TERRORISM, EARTHQUAKES, AND CATASTROPHIC INDUSTRIAL ACCIDENTS PREMIUM
ENDORSEMENT**

DELETED IN ITS ENTIRETY

SECTION 4 – RETROSPECTIVE RATING PLANS - DELAWARE

**RULES AND PROCEDURE GOVERNING
THE APPLICATION OF THE RETROSPECTIVE
RATING PLANS – DELAWARE**

**PART ONE
DESCRIPTION OF THE PLAN**

II. DEFINITIONS

E. STANDARD PREMIUM

For the purposes of this Plan, standard premium means the premium for the risk determined on the basis of carrier rating values, any experience rating modification, loss constant where applicable, and minimum premiums. Determination of standard premium shall exclude.

1. through 5 - No Change

6. Premium developed by the charge for ~~Foreign~~ Terrorism.

7. Premium developed by the charge for ~~Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents.~~ Catastrophe (other than Certified Acts of Terrorism) located in the Basic Manual.

SECTION 6 – EXPERIENCE RATING PLAN

**SECTION IV
APPLICATION OF EXPERIENCE MODIFICATION**

1. Experience Modification. An experience..... non-ratable element.

EXCEPTIONS:

Premiums Not subject to Experience Rating:

The following are not subject to experience rating:

i. through vi. remain unchanged.

vii. Premium developed under Code 9740 – ~~Foreign~~ Terrorism.

viii. Premium developed under ~~Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents.~~ Code 9741 - Catastrophe (other than Certified Acts of Terrorism).

SECTION 7 – MERIT RATING PLAN

SECTION IV

APPLICATION OF ~~EXPERIENCE MODIFICATION~~ MERIT RATING PLAN ADJUSTMENT

1, ~~Experience Modification~~ Merit Rating Plan Plan adjustment.

~~EXCEPTION (a):~~

~~— Classifications non-rateable element.~~

EXCEPTIONS:

Premiums Not subject to ~~Experience~~ the Merit Rating Plan:
The following are not subject to the Merit Rating Plan:

i. through ~~iv~~ i. remain unchanged.

~~ix~~ v. The surcharge premium under Rule 2 of the Atomic Energy Procedure.

~~x~~ vi. The seat surcharge premium for Aircraft Operation.

~~xii~~ vii. Premium developed under Code 9740 — ~~Foreign~~ Terrorism

~~xiii~~ viii. Premium developed under ~~Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents~~ Code 9741 - Catastrophe (other than Certified Acts of Terrorism).

DELAWARE STATISTICAL PLAN MANUAL
Mandatory Effective September 1, 2008

SECTION II – Reporting Requirements

B. Exposure Information

5. Exposure-Other Than Payroll

Items a. through f. remain unchanged.

Note: Premium for the Code 9740, ~~Foreign~~ Terrorism, and Code 9741, ~~Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents~~ Catastrophe (other than Certified Acts of Terrorism), does not apply to these classifications.

Items Number **6 through 8**. remains unchanged.

9. Miscellaneous Statistical Codes

Items a. and b. remain unchanged.

- c. Premium Not Subject to Experience Rating, to be Reported on line "H", "I" or "J" on the Hard Copy Unit Statistical Report.

Items Number 1. through 3. remain unchanged.

- (4) ~~Foreign~~–Terrorism - **Code 9740**. Premium charge for ~~Foreign~~ Terrorism is reported on a hard copy unit subsequent to experience modification after the expense constant, if applicable, but prior to employer assessment. The premium charge for Code 9740 is calculated by dividing a risk's total payroll by \$100 and multiplying the result times the carrier's rating value for Code 9740. Premium developed under ~~Foreign~~–Terrorism is not included in Total Standard Premium. Non-payroll exposures are not subject to premium charges for ~~Foreign~~–Terrorism
- (5) ~~Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents~~–(DTEC) Catastrophe (other than Certified Acts of Terrorism) - **Code 9741**. Premium charge for ~~Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents~~ Catastrophe (other than Certified Acts of Terrorism) is reported on a hard copy unit subsequent to experience modification after the expense constant, if applicable, but prior to employer assessment. The premium charge for Code 9741 is calculated by dividing a risk's total payroll by \$100 and multiplying the result times the carrier's rating value for Code 9741. Premium developed under ~~Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents~~ Catastrophe (other than Certified Acts of Terrorism) is not included in Total Standard Premium. Non-payroll exposures are not subject to premium charges for ~~Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents~~ Catastrophe (other than Certified Acts of Terrorism).

Item d. remains unchanged.

SECTION IV - CODES

B. Exposure Information Code

3. Premium Codes

Items a. and b. remains unchanged.

c. Premium Not Subject to Experience Modification and Not to be Included in Standard Premium (Reported on lines "H", "I" or "J").

(1) Premium Discount

(2) Expense Constant

(3) Waiver of Subrogation – Flat Charge

(4) ~~Foreign~~ Terrorism

(5) ~~Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents-~~
Catastrophe (other than Certified Acts of Terrorism)

Code 0063

Code 0064

Code 0900

Code 9115

Code 9740

Code 9741

SECTION VI - EXAMPLES

Illustrations 1 – 20 remain unchanged.

Illustration 21 – Anniversary Rated Policy with the Premium Charge Foreign Terrorism

See attached.

Illustration 22 – Anniversary Rated Policy with the Premium Charge Foreign Terrorism and Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents

See attached.

SECTION X – PREMIUM ALGORITHM

See attached. Line items (70) and (71) change.

Illustration 21 – Anniversary Rated Policy with the Premium Charge for ~~Foreign~~-Terrorism and Catastrophe (other than Certified Acts of Terrorism)

In this illustration it is assumed that more than one experience modification applies during the policy period and the premium charge for ~~Foreign~~-Terrorism and Catastrophe (other than Certified Acts of Terrorism) is applicable.

Note: In the following example all premiums are calculated in the same sequence outlined in example 16 (combination example).

The premium charge for ~~Foreign~~-Terrorism, **Code 9740**, and Catastrophe (other than Certified Acts of Terrorism), Code 9741, is derived by adding up all payroll exposures for a given split period divided by \$100 and multiplying the result times the carrier's rating value for ~~Code 9740 – Foreign Terrorism~~each code. The resulting premium charges should be reported on lines "J" through "K" under Code 9740 and Code 9741.

As with most pricing programs in the state of Delaware, (e.g., Construction Credit – Code 9046, Merit Rating Credit – Code 9885) and the premium charges for ~~Foreign~~ Terrorism, Code 9740, and Catastrophe (other than Certified Acts of Terrorism), Code 9741, ~~is~~ are applicable, as of each risk's Anniversary Rating Date.

UNIT STATISTICAL REPORT

POLICY INFORMATION

Report No. 01	Corr. No.	Corr. Type	Replace Rpt. Ind.	Carrier Code 00200	Policy Number WC123456789	Policy Effective Date 12/01/08	Policy Expiration Date 12/01/09	Expos. State 07	State Effective Date	Certificate No.	Card Serial No.	Risk ID Number	Page No. 1	Last Page No. 2
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Insured's Name: A. B. C. INC.

F.E.I.N.

Pending File No.

Insured's Address:

123456789

Mod Effective Date 11/01/08	Rate Effective Date 11/01/08	Policy Conditions							Policy Type I D			Deduct. Type 0301	Deduct. Percent	Deductible Amount Per Claim/Accident 1000	Deductible Amount Aggregate	Reserved	For Carrier Use	For Bureau Use
3 Yr F/R Policy	Multistate Policy	Interstate Rating	Estimated Exposure	Retro Policy	Canceled Mid-Term	MCO Indicator	Type Cov.	Plan Ind.	Non-Std.									
N	Y		N	N	N	N	01	01	01									

EXPOSURE INFORMATION

LOSS INFORMATION

Upd Type	Exp. Cov.	Class Code	Exposure Amount	Manual Rate	Premium Rate	*Upd Type	Claim Number	Acc. Date/ No. Claims	Incurred Indemnity	Incurred Medical	Class Code	Injury	Status	Loss Conditions					Jurisd. State	Cat. No.	MCO Type					
														Act	Type	Recov	Cov	Settl								
	01	0665	255000	7.84	19992																					
	01	0953	48000	.24	115		Social Security Number		Part	Nature	Cause	Occupation Description			Voc.	Lump	Fraud	Deduct	Paid Indemnity		Paid Medical					
	01	9664			3277		Claimant's Attorney Fees		Employer's Attorney Fees		Reversed for Future Use										ALAE Paid		ALAE Incurred			
	A.	Total Subject Premium			16830																					
	B.	Experience Mod (XX.XXX)			0.930																					
	C.	Total Modified Premium			15652																					
	D.	9887			3913																					
	E.	9880		.10	1174																					
	F.	9046		.25	2935																					
	G.	Total Standard Exposure			Total Standard Premium																					
	H.	0063_	Premium Discount Amt.		261																					
	I.	0900	Expense Constant Amt		119																					
	J.	9740		.01	30																					
	K.	9741		.01	30																					
	L.																									
							LOSS TOTALS																			
							Reserved for Future Use		Total No. Claims		Total Incurred Indemnity		Total Incurred Medical		Reserved for Future Use		Total Paid Indemnity		Total Paid Medical							
							Tot. Claimant's Attny. Fees		Tot. Employer's Attny. Fees		Reserved for Future Use					Total ALAE Paid		Total ALAE Incurred								

UNIT STATISTICAL REPORT

POLICY INFORMATION

Report No. 01	Corr. No.	Corr. Type	Replace Rpt. Ind.	Carrier Code 00200	Policy Number WC123456789	Policy Effective Date 12/01/08	Policy Expiration Date 12/01/09	Expos. State 07	State Effective Date	Certificate No.	Card Serial No.	Risk ID Number	Page No. 2	Last Page No. 2
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Insured's Name: **A. B. C. INC.**

F.E.I.N.

Pending File No.

Insured's Address:

123456789

Mod Effective Date 11/01/09	Rate Effective Date 11/01/09	Policy Conditions							Policy Type I D			Deduct. Type 0301	Deduct. Percent	Deductible Amount Per Claim/Accident 1000	Deductible Amount Aggregate	Reserved	For Carrier Use	For Bureau Use
		3 Yr F/R Policy N	Multistate Policy Y	Interstate Rating	Estimated Exposure N	Retro Policy N	Canceled Mid-Term N	MCO Indicator N	Type Cov. 01	Plan Ind. 01	Non-Std. 01							

EXPOSURE INFORMATION

LOSS INFORMATION

Upd Type	Exp. Cov.	Class Code	Exposure Amount	Manual Rate	Premium Rate	*Upd Type	Claim Number	Acc. Date/ No. Claims	Incurred Indemnity	Incurred Medical	Class Code	Injury	Status	Loss Conditions					Jurisd. State	Cat. No.	MCO Type				
														Act	Type	Recov	Cov	Settl							
	01	0665	255000	7.54	19227																				
	01	0953	48000	.20	96		Social Security Number			Part	Nature	Cause	Occupation Description			Voc.	Lump	Fraud	Deduct	Paid Indemnity		Paid Medical			
	01	9664			2126		Claimant's Attorney Fees		Employer's Attorney Fees		Reversed for Future Use										ALAE Paid		ALAE Incurred		
	A.	Total Subject Premium			17197																				
	B.	Experience Mod (XX.XXX)			0.953																				
	C.	Total Modified Premium			16389																				
	D.	9887			4097																				
	E.	9046		.30	3688		Social Security Number			Part	Nature	Cause	Occupation Description			Voc.	Lump	Fraud	Deduct	Paid Indemnity		Paid Medical			
	F.						Claimant's Attorney Fees		Employer's Attorney Fees		Reversed for Future Use										ALAE Paid		ALAE Incurred		
	G.	Total Standard Exposure 606000			Total Standard Premium 16234																				
	H.	0063_	Premium Discount Amt.		90		Social Security Number			Part	Nature	Cause	Occupation Description			Voc.	Lump	Fraud	Deduct	Paid Indemnity		Paid Medical			
	I.	0900	Expense Constant Amt		41		Claimant's Attorney Fees		Employer's Attorney Fees		Reversed for Future Use										ALAE Paid		ALAE Incurred		
	J.	9740		.01	30																				
	K.	9741		.01	30		Social Security Number			Part	Nature	Cause	Occupation Description			Voc.	Lump	Fraud	Deduct	Paid Indemnity		Paid Medical			
	L.						Claimant's Attorney Fees		Employer's Attorney Fees		Reversed for Future Use										ALAE Paid		ALAE Incurred		
							LOSS TOTALS																		
							Reserved for Future Use		Total No. Claims		Total Incurred Indemnity		Total Incurred Medical		Reserved for Future Use		Total Paid Indemnity			Total Paid Medical					
							Tot. Claimant's Attny. Fees		Tot. Employer's Attny. Fees		Reserved for Future Use					Total ALAE Paid			Total ALAE Incurred						

~~Illustration 22 — Anniversary Rated Policy with the Premium Charge for Terrorism Risk Insurance Act of 2002 — Certified Losses and Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents~~

~~In this illustration it is assumed that more than one experience modification applies during the policy period and the premium charges for the Foreign Terrorism and Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents are applicable.~~

~~Note: In the following example all premiums are calculated in the same sequence outlined in example 16 (combination example).~~

~~The premium charges for Foreign Terrorism, **Code 9740**, and Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents, **Code 9741**, are derived by adding up all payroll exposures for a given split period, dividing by \$100 and multiplying the result times the carrier's rating value for each of these codes. The resulting premium charges should be reported on lines "J" through "K" under Code 9740 and Code 9741.~~

~~As with most pricing programs in the state of Delaware (e.g., Construction Credit — Code 9046, Merit Rating Credit — Code 9885) premium charge for Foreign Terrorism, Code 9740, and Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents, Code 9741, are applicable as of the individual risk's Anniversary Rating Date.~~

UNIT STATISTICAL REPORT – (Deleted - Effective September 1, 2008)

POLICY INFORMATION																											
Report No.	Corr. No.	Corr. Type	Replace Rpt. Ind.	Carrier Code	Policy Number	Policy Effective Date	Policy Expiration Date	Expos. State	State Effective Date	Certificate No.	Card Serial No.	Risk ID Number	Page No.	Last Page No.													
01				00200	WC123456789	01/01/06	01/01/07	07					1	2													
Insured's Name: A. B. C. INC.											F.E.I.N.		Pending File No.														
Insured's Address:											123456789																
Mod Effective Date	Rate Effective Date	Policy Conditions					Policy Type I D		Deduct.	Deduct.	Deductible Amount Per	Deductible Amount	Reserved	For Carrier Use	For Bureau Use												
12/01/05	12/01/05	3 Yr F/R Policy	Multistate Policy	Interstate Rating	Estimated Exposure	Retro Policy	Can. Mid-Term	In. Indicator	Type Cov.	Stand.	Non-Std.	Type Percent	Claim/Aggr.														
		N	Y	N	N	N			01	01		100															
EXPOSURE INFORMATION														LOSS INFORMATION													
Upd Type	Exp. Cov.	Class Code	Exposure Amount	Manual Rate	Premium Rate	Type	No. Claims	Injury	Incurred Medical	Code	Status	Loss Conditions					Jurisd. State	Cat. No.	MCO Type								
	01	0665	255000	7.84	19992							Act	Type	Recov	Cov	Settl											
	01	0953	48000	.24	115																						
	01	9664			3277																						
	A. Total Subject Premium				16830																						
	B. Experience Mod (XX.XXX)				0.930																						
	C. Total Modified Premium				15652																						
	D. 9887				3913																						
	E. 9880				1174																						
	F. 9046				2935																						
	G. Total Standard Exposure																										
	H. 0063_ Premium Discount Amt.				261																						
	I. 0900 Expense Constant Amt				119																						
	J. 9740				91																						
	K.																										
	L.																										
LOSS TOTALS																											
	Reserved for Future Use				Total No. Claims			Total Incurred Indemnity			Total Incurred Medical			Reserved for Future Use			Total Paid Indemnity			Total Paid Medical							
	Tot. Claimant's Attny. Fees				Tot. Employer's Attny. Fees			Reserved for Future Use								Total ALAE Paid			Total ALAE Incurred								

DELETED

UNIT STATISTICAL REPORT- (Deleted - Effective September 1, 2008)

POLICY INFORMATION																											
Report No.	Corr. No.	Corr. Type	Replace Rpt. Ind.	Carrier Code	Policy Number	Policy Effective Date	Policy Expiration Date	Expos. State	State Effective Date	Certificate No.	Card Serial No.	Risk ID Number	Page No.	Last Page No.													
01				00200	WC123456789	01/01/06	01/01/07	07					2	2													
Insured's Name: A. B. C. INC.											F.E.I.N.		Pending File No.														
Insured's Address:											123456789																
Mod Effective Date	Rate Effective Date	Policy Conditions					Policy Type I D		Deduct.	Deduct.	Deductible Amount Per	Deductible Amount	Reserved	For Carrier Use	For Bureau Use												
12/01/06	12/01/06	3 Yr F/R Policy	Multistate Policy	Interstate Rating	Estimated Exposure	Retro Policy	Can. Mid-Term	In	ator	Type Cov.	an. d.	Non-Std.	Type	Percent	Claim/Agent	Aggregate											
		N	Y	N	N	N	N			01	01			100													
EXPOSURE INFORMATION														LOSS INFORMATION													
Upd Type	Exp. Cov.	Class Code	Exposure Amount	Manual Rate	Premium Rate	Type	No. Claims	Injury	Incurred Medical	Class Code	Injury	Status	Loss Conditions					Jurisd. State	Cat. No.	MCO Type							
	01	0665	255000	7.54	19227								Act	Type	Recov	Cov	Settl										
	01	0953	48000	.20	96								Social Security Number					Part	Nature	Cause	Occupation Description	Voc.	Lump	Fraud	Deduct	Paid Indemnity	Paid Medical
	01	9664			2126								Claimant's Attorney Fees					Employer's Attorney Fees	Reversed for Future Use					ALAE Paid	ALAE Incurred		
Upd Type	Claim Number	Acc. Date/ No. Claims	Incurred Indemnity	Incurred Medical	Class Code	Injury	Status	Loss Conditions					Jurisd. State	Cat. No.	MCO Type												
	A.	Total Subject Premium		17197				Act	Type	Recov	Cov	Settl															
	B.	Experience Mod (XX.XXX)		0.953				Social Security Number					Part	Nature	Cause	Occupation Description	Voc.	Lump	Fraud	Deduct	Paid Indemnity	Paid Medical					
	C.	Total Modified Premium		16389				Claimant's Attorney Fees					Employer's Attorney Fees	Reversed for Future Use					ALAE Paid	ALAE Incurred							
Upd Type	Claim Number	Acc. Date/ No. Claims	Incurred Indemnity	Incurred Medical	Class Code	Injury	Status	Loss Conditions					Jurisd. State	Cat. No.	MCO Type												
	D.	9887		4097				Act	Type	Recov	Cov	Settl															
	E.	9046		3688				Social Security Number					Part	Nature	Cause	Occupation Description	Voc.	Lump	Fraud	Deduct	Paid Indemnity	Paid Medical					
	F.							Claimant's Attorney Fees					Employer's Attorney Fees	Reversed for Future Use					ALAE Paid	ALAE Incurred							
Upd Type	Claim Number	Acc. Date/ No. Claims	Incurred Indemnity	Incurred Medical	Class Code	Injury	Status	Loss Conditions					Jurisd. State	Cat. No.	MCO Type												
	G.	Total Standard Exposure		16234				Act	Type	Recov	Cov	Settl															
	H.	0063_	Premium Discount Amt.	90				Social Security Number					Part	Nature	Cause	Occupation Description	Voc.	Lump	Fraud	Deduct	Paid Indemnity	Paid Medical					
	I.	0900	Expense Constant Amt	41				Claimant's Attorney Fees					Employer's Attorney Fees	Reversed for Future Use					ALAE Paid	ALAE Incurred							
Upd Type	Claim Number	Acc. Date/ No. Claims	Incurred Indemnity	Incurred Medical	Class Code	Injury	Status	Loss Conditions					Jurisd. State	Cat. No.	MCO Type												
	J.	9740		91				Act	Type	Recov	Cov	Settl															
	K.	9741		61				Social Security Number					Part	Nature	Cause	Occupation Description	Voc.	Lump	Fraud	Deduct	Paid Indemnity	Paid Medical					
	L.							Claimant's Attorney Fees					Employer's Attorney Fees	Reversed for Future Use					ALAE Paid	ALAE Incurred							
LOSS TOTALS																											
	Reserved for Future Use		Total No. Claims		Total Incurred Indemnity		Total Incurred Medical		Reserved for Future Use		Total Paid Indemnity		Total Paid Medical														
	Tot. Claimant's Attny. Fees		Tot. Employer's Attny. Fees		Reserved for Future Use		Total ALAE Paid		Total ALAE Incurred																		

DELETED

DELAWARE WORKERS COMPENSATION STATISTICAL PLAN MANUAL

Effective Date: ~~January~~ September 1, 2006 ~~2008~~

Page 1

Section X

PREMIUM ALGORITHM

Premium Calculation Algorithm

Line #	Item Name	Associated Statistical Code	Line #	Source & Derivation
(1)	Classification	xxxx	(1)	Carrier value
(2)	Exposure	xxxx	(2)	Risk characteristic
(3)	Carrier Rating Value	xxxx	(3)	Carrier value
(4)	Classification Manual Premium		(4)	(2)/100x(3) if classification has payroll exposure. Special procedures apply to non-payroll classes
(5)	Total Policy Manual Premium		(5)	Sum of (4) for all classifications on the policy
(6)	Employer Liability Increased Limits Factor	xxxx	(6)	Carrier value
(7)	Employer Liability Increased Limits Premium Charge		(7)	(5)x(6) expressed as a decimal]
(8)	Minimum Premium Employer Liability Increased Limits	9848	(8)	Carrier value
(9)	Minimum Premium Employer Liability Increased Limits Premium Charge	9848	(9)	[(8)-(7)] if (7)<(8) and (6) >0, otherwise zero
(10)	Subject Deductible Credit Percentage	9664	(10)	Carrier value
(11)	Subject Deductible Premium Credit	9664	(11)	[(5)+(7)+(9)]x(-10) expressed as a decimal]
(12)	Waiver of Subrogation Charge	0930	(12)	Carrier value - subject to experience modification
(13)	Waiver of Subrogation Premium	0930	(13)	Value from Line (12)
(14)	Total Subject Premium		(14)	[(5)+(7)+(9)+(11)+(13)]
(15)	Experience Modification	9898	(15)	Zero for non-experience-rated risks
(16)	Modified Premium		(16)	(14)x(15)
(17)	Merit Rating Credit Factor	9885	(17)	Zero if Merit Rating Credit does not apply
(18)	Merit Rating Credit	9885	(18)	(14)x(-17) expressed as a decimal]
(19)	Merit Rating Neutral Factor	9884	(19)	Zero whether Merit Rating Neutral Adjustment (no credit or debit) does or does not apply
(20)	Merit Rating Neutral Adjustment	9884	(20)	(14)x(19) expressed as a decimal]
(21)	Merit Rating Debit Factor	9886	(21)	Zero if Merit Rating Debit does not apply
(22)	Merit Rating Charge	9886	(22)	(14)x(21) expressed as a decimal]
(23)	Premium After Experience Modification or Merit Rating		(23)	(16) if Experience-Rated, [(14)+(18)+(20)+(22)] if Merit-Rated, (14) if Non-Rated
(24)	Non-Ratable Classifications	xxxx	(24)	Carrier Value
(25)	Non-Ratable Classifications Exposure		(25)	Portion of payroll exposure subject to Non-Ratable Classifications
(26)	Non-Ratable Classification Rating Value	xxxx	(26)	Carrier Value
(27)	Non-Ratable Classification Premium		(27)	(25)/100x(26) [based on applicable Non-Ratable Classification exposure]

DELAWARE WORKERS COMPENSATION STATISTICAL PLAN MANUAL

Effective Date: ~~January~~ September 1, 2006 ~~2008~~

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Section X

PREMIUM ALGORITHM

Premium Calculation Algorithm

Line #	Item Name	Associated Statistical Code	Line #	Source & Derivation
(28)	Aircraft Seat Surcharge Exposure (# of seats)	9108	(28)	Actual number of seats for insured risk. Subject to maximum 10 seats per aircraft
(29)	Aircraft Seat Surcharge	9108	(29)	Carrier Value
(30)	Aircraft Seat Surcharge Premium Charge	9108	(30)	(28) x (29)
(31)	Workfare Program Employees Exposure (PA)	0982	(31)	Number of person weeks. A partial workweek for any worker to be counted as 1 person week.
(32)	Workfare Program Employees Rating Value (PA)	0982	(32)	Carrier Value
(33)	Workfare Program Employees Premium (PA)	0982	(33)	(31) x (32)
(34)	Non-Ratable Classification Premium Total		(34)	Sum of all (27)+(30)+(33) premiums
(35)	Non-Ratable Classification Increased Limits Factor	xxxx	(35)	Carrier value
(36)	Non-Ratable Classification Increased Limits Premium Charge	xxxx	(36)	(34)x [(35) expressed as a decimal]
(37)	Minimum Premium Non-Ratable Classification Increased Limits	9848	(37)	Carrier value
(38)	Minimum Premium Non-Ratable Classification Increased Limits Premium Charge	9848	(38)	[(37)-(36)] if (36) < (37) and (35) > 0, otherwise zero
(39)	Premium Before Schedule Rating		(39)	(23)+(34)+(36)+(38)
(40)	Schedule Rating Plan Adjustment Factor	9887/9889	(40)	Carrier value - use 9887 for schedule credits and 9889 for schedule debits
(41)	Schedule Rating Plan Premium Adjustment	9887/9889	(41)	(39)x[(40) expressed as a decimal]. For schedule credits Line (41) will be negative
(42)	Certified Safety Committee Credit Factor (PA)	9890	(42)	Credit applies if insured is certified.
(43)	Certified Safety Committee Premium Credit (PA)	9890	(43)	[(39)+(41)]x[(-42) expressed as a decimal]
(44)	Workplace Safety Program Credit Factor (DE)	9880	(44)	Credit applies if insured qualifies
(45)	Workplace Safety Program Premium Credit (DE)	9880	(45)	[(39)+(41)]x[(-44) expressed as a decimal]
(46)	Construction Classification Premium Adjustment Program Credit Factor	9046	(46)	Based on wage level(s), application to rating organization
(47)	Construction Classification Premium Adjustment Program Premium Credit	9046	(47)	[(39)+(41)]x[(-46) expressed as a decimal]
(48)	Drug-Free Workplace Factor (DE)	9846	(48)	Carrier value
(49)	Drug-Free Workplace Credit (DE)	9846	(49)	[(39)+(41)+(45)+(47)]x[(-48) expressed as a decimal]

DELAWARE WORKERS COMPENSATION STATISTICAL PLAN MANUAL

Effective Date: ~~January-September 1, 2006~~2008

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Section X

PREMIUM ALGORITHM

Premium Calculation Algorithm

Line #	Item Name	Associated Statistical Code	Line #	Source & Derivation
(50)	Managed Care Factor (DE)	9874	(50)	Carrier value
(51)	Managed Care Credit (DE)	9874	(51)	[(39)+(41)+(45)+(47)+(49)]x[(-50) expressed as a decimal]
(52)	Package Credit Factor (DE)	9721	(52)	Carrier value
(53)	Package Credit (DE)	9721	(53)	[(39)+(41)+(45)+(47)+(49)+(51)]x[(-52) expressed as a decimal]
(54)	Premium After Managed Care and Package Credit If Applicable		(54)	[(39)+(41)+(43)+(45)+(47)+(49)+(51)+(53)]
(55)	Assigned Risk Surcharge Factor (DE)	0277	(55)	May apply to some or all assigned risks based on plan and characteristics of individual insured
(56)	Assigned Risk Premium Surcharge (DE)	0277	(56)	(54)x[(55) expressed as a decimal]
(57)	Deductible Credit Factor	9663	(57)	Carrier value
(58)	Deductible Premium Credit	9663	(58)	[(54)+(56)]x[(-57) expressed as a decimal]
(59)	Loss Constant	0032	(59)	Carrier value - may vary based on risk premium size
(60)	Loss Constant Charge	0032	(60)	Line (59) if applicable
(61)	Short Rate Cancellation Factor	0931	(61)	Carrier value - zero if short rate cancellation does not apply
(62)	Short Rate Premium	0931	(62)	[(54)+(56)+(58)+(60)]x[(61)-1.0000] if (61)>0, otherwise zero
(63)	Expense Constant	0900	(63)	Carrier value if applicable
(64)	Expense Constant Charge	0900	(64)	Line (63)
(65)	Minimum Premium	0990	(65)	Carrier value
(66)	Minimum Premium Charge	0990	(66)	If (65)>[(54)+(56)+(58)+(60)+(62)+(64)], (65)-[(54)+(56)+(58)+(60)+(62)+(64)], otherwise zero
(67)	Unit Statistical Report Total Standard Premium		(67)	[(54)+(56)+(58)+(60)+(62)+(66)]
(68)	Premium Discount Amount	0063/0064	(68)	Carrier value based on [(54)+(56)+(58)+(60)+(62)+(66)]
(69)	Additional premium Waiver of Subrogation (flat charge)	9115	(69)	Carrier value(s)
(70)	Foreign Terrorism	9740	(70)	(Total payroll/100) x carrier rating value
(71)	Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents (DTEC) Catastrophe (other than Certified Acts of Terrorism)	9741	(71)	(Total payroll/100) x carrier rating value

DELAWARE WORKERS COMPENSATION STATISTICAL PLAN MANUAL

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Section X

Page 4

PREMIUM ALGORITHM

Line #	Item Name	Associated Statistical Code	Line #	Source & Derivation
(72)	Total Policy Premium Subject to Employer Assessment		(72)	(64)+(67)-(68)+(69)+(70)+(71)
(73)	Employer Assessment Factor Pursuant to Act 57 of 1997 (PA)	0938	(73)	Bureau value for the specific purpose of computing employer assessments
(74)	Employer Assessment Amount Pursuant to Act 57 of 1997 (PA)	0938	(74)	[(72)-(11)-(58)]x(73) NOTE: Cells (11) and (58) are credits. Subtracting these credits as shown effectively adds the premium reduction given for deductible coverage back into the premium for purposes of calculating employer assessments