

DELAWARE COMPENSATION RATING BUREAU, INC.

ACTUARIAL COMMITTEE

**Summary of Material for Modification of Experience
December 1, 2003 Residual Market Rate and Voluntary Market Loss Cost Revision**

As Filed

DELAWARE 2003 RESIDUAL MARKET RATE AND VOLUNTARY MARKET LOSS COST FILING

PROPOSED EFFECTIVE DATE - DECEMBER 1, 2003

INDEX

PART I - INDICATED RATE AND LOSS COST CHANGE

<u>Exhibit</u>	<u>Description</u>	<u>Page</u>
I	Indicated Change in Rate Level	1
II	Expense Loading	2
III	Internal Rate of Return Assumptions	3
IV	Policy Year Loss Ratios	4
V	Policy Year On-Level Factors	14
VI	Policy Year Development Factors	17
VII	Determination of Trend Factors	22

Table

I	Policy Year Data From Supplemental Call - Standard Earned Premium	25
I-A	Policy Year Data From Supplemental Call - Total Incurred *	26
I-B	Policy Year Data From Supplemental Call - Indemnity Incurred Losses *	27
I-C	Policy Year Data From Supplemental Call - Medical Incurred Losses *	28
I-D	Policy Year Data From Supplemental Call - Indemnity Paid Losses	29
I-E	Policy Year Data From Supplemental Call - Medical Paid Losses	30

* Incurred Losses exclude IBNR and Bulk Reserves

PART II - CLASSIFICATION RELATIVITY

Exhibit

VIII	Rate and Loss Cost Formulae	31
------	-----------------------------	----

PART III - EXPERIENCE RATING & RETROPECTIVE RATING PLANS

Exhibit

IX	Collectible Premium Ratios	34
X	Expected Loss Rate Factors	35
XI	Tax Multiplier	36
XII	Retrospective Development Factors	37

EXHIBIT I

INDICATED CHANGE IN RATE LEVEL

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1a) Policy Year 1998 Loss and Loss Adjustment Expense Ratio	0.2939	0.3835	0.6774
(1b) Policy Year 1999 Loss and Loss Adjustment Expense Ratio	0.3251	0.4088	0.7339
(1c) Policy Year 2000 Loss and Loss Adjustment Expense Ratio	0.3474	0.3924	0.7398
(1d) Policy Year 2001 Loss and Loss Adjustment Expense Ratio	0.2503	0.3343	0.5846
(1e) Average (Midpoint = 7/1/2000)	0.3042	0.3798	0.6840
(2a) Policy Year 1998 Loss and LAE Ratio Trended to 12/1/2004	0.2564	0.4105	
(2b) Policy Year 1999 Loss and LAE Ratio Trended to 12/1/2004	0.2707	0.4035	
(2c) Policy Year 2000 Loss and LAE Ratio Trended to 12/1/2004	0.3005	0.3886	
(2d) Policy Year 2001 Loss and LAE Ratio Trended to 12/1/2004	0.2378	0.3513	
(2e) Average at 12/1/2004	0.2664	0.3885	0.6549
(3) Percentage of Total	40.7%	59.3%	
(4) Permissible Loss and Loss Adjustment Ratio			0.7075
(5) Indicated Change in Rates (2e) / (4)			0.9257
(6) Estimated Effect of the 7/1/04 Benefit Change			1.0037
(7) Change in Residual Market Rate Level (5) * (6)			0.9291
(8) Change in Voluntary Market Loss Costs (7) * [0.7347 / 0.7318]			0.9328

CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP

	Mfg.	Cont.	Other	Total
(9) Current Collectible Premium Ratio	1.1570	1.0985	1.0244	
(10) Proposed Collectible Premium Ratio	1.1699	1.1257	1.0532	
(11) Change in Collectible Premium Ratio (10) / (9)	1.0111	1.0248	1.0281	1.0241
(12) Change in Residual Market Manual Rate Level (7) * (11)	0.9394	0.9521	0.9552	0.9515
(13) Change in Voluntary Market Manual Loss Cost Level (8) * (11)	0.9432	0.9559	0.9590	0.9553
(14) Offset for Residual Market Surcharge				0.9870
(15) Adjusted Change in Voluntary Market Manual Loss Cost Level (13) * (14)	0.9309	0.9435	0.9465	0.9429

EXHIBIT II
EXPENSE LOADING

	<u>Current %</u>	<u>Proposed %</u>
LOSS AND LOSS ADJUSTMENT EXPENSE		
Losses	60.11	61.21
Loss Adjustment Expense	10.41	9.54 ^a
Loss & Loss Adjustment	70.52	70.75
UNDERWRITING EXPENSES		
Commission	6.65	6.94
Other Acquisition	2.25	2.03
General Expenses	4.56	3.83
Premium Discount	10.41	10.42
State Premium Tax	2.00	2.00
Other State Tax	0.40	0.38
Administrative Assessment	2.66	2.72 ^b
Workers Compensation Fund	4.00	4.50
Deviations	0.00	0.00
Policyholder Dividends	0.00	0.00
Underwriting Profit	-3.45	-3.57
Underwriting Expense Total	29.48	29.25

a - As ratio to loss, Loss Adjustment Expense = 0.1559

b - As ratio to loss, Administrative Assessment = 0.0445

RESIDUAL MARKET MINIMUM PREMIUM:

It is proposed that the Minimum Premium formula be revised from $(185 * \text{Rate}) + \text{Expense Constant}$ to

$$(195 * \text{Rate}) + \text{Expense Constant}$$

It is proposed that the Minimum Premium be subject to a Maximum Minimum Premium of \$3050. It is proposed to use a multiplier of 97.50 in the Minimum Premium formula for the Farm Classes, (0006, 0016, 0034, 0036, 0083).

RESIDUAL MARKET EXPENSE CONSTANT:

It is proposed that the Expense Constant be increased from \$230 to \$235.

EXHIBIT III

**INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE
TABLE I: INPUTS, ASSUMPTIONS & OUTPUTS**

Section 1: Inputs & Assumptions		
(1) Commissions *		6.94
(2) Other Expenses		6.24
(2A)	Other Acquisitions *	2.03
(2B)	General Expenses *	3.83
(2C)	Other Tax **	0.38
(3) State Premium Taxes		
(3A)	Tax1 - Premium Tax **	2.00
(3B)	Tax2 - None	0.00
(3C)	Tax3 - Workers Compensation Fund **	4.50
(4) Premium Discount ***		10.42
(5) Deviations		0.00
(6) Dividends to Policyholders		0.00
(7) Premium Written		1,000,000
(8) Premium Collected		895,800
Investment Income		
(9A)	Pre-Tax Return on Assets	4.90
(9B)	Investment Income Tax Rate	1.11
(9C)	Post-Tax Return on Assets	3.79
(10) Reserve to Surplus Ratio		2.87
(11) Internal Rate of Return (Cost of Capital)		9.14
* Applies to standard premium at Bureau level (before premium discount)		
** Applies to net premium at company level (after deviations and premium discounts)		
*** Applies to standard premium at company level (after deviations)		

Section 2: Outputs	
(1) Loss Ratio - including loss adjustment expense & loss based assessments	73.47
(2) Profit & Contingencies	-3.57

EXHIBIT IV - 1

POLICY YEAR LOSS RATIO 2001

(1) Standard Earned Premium Reported (Table I)			97,978,170
(2) Factor to 12/1/02 Rate Level (Exhibit V-1)			1.5979
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0219
(4) Expense Constant Removal Factor			0.9986
(5) DCCPAP On-Level Factor			0.9930
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			158,645,636
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	7,336,781	17,690,227	25,027,008
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	4.4549	2.5920	
(10) Ultimate Incurred Losses (8) * (9)	32,684,626	45,853,068	78,537,694
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	18,375,196	25,419,410	43,794,606
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.7829	1.8061	
(13) Ultimate Incurred Losses (11) * (12)	32,761,137	45,909,996	78,671,133
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	32,722,882	45,881,532	78,604,414
(15) Factor to 7/1/03 Benefit Level (Exhibit V-3)	1.0500	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1559	1.1559	
(17) Adjusted Losses (14) * (15) * (16)	39,715,598	53,034,463	92,750,061
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2503	0.3343	0.5846
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5294	0.5294	
(20) Severity Ratio* (18)/(19)	0.4728	0.6315	1.1043

* Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 2

POLICY YEAR LOSS RATIO 2000

(1)	Standard Earned Premium Reported (Table I)	95,567,315
(2)	Factor to 12/1/02 Rate Level (Exhibit V-1)	1.5291
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)	1.0004
(4)	Expense Constant Removal Factor	0.9987
(5)	DCCPAP On-Level Factor	0.9930
(6)	Residual Market Offset Factor	1.0000
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)	144,978,384

Losses - Paid-to-20th Method		Indemnity	Medical	Total
(8)	Paid Losses Reported (Table I-D & I-E)	16,547,150	25,202,562	41,749,712
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.4379	1.9393	
(10)	Ultimate Incurred Losses (8) * (9)	40,340,297	48,875,328	89,215,625
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	29,618,912	30,945,603	60,564,515
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3745	1.6015	
(13)	Ultimate Incurred Losses (11) * (12)	40,711,195	49,559,383	90,270,578
Losses - Average of Incurred and Paid-to-20th				
(14)	Ultimate Incurred Losses ((10) + (13))/2	40,525,746	49,217,356	89,743,102
(15)	Factor to 7/1/03 Benefit Level (Exhibit V-3)	1.0752	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1559	1.1559	
(17)	Adjusted Losses (14) * (15) * (16)	50,366,357	56,890,342	107,256,699
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3474	0.3924	0.7398
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.6124	0.6124	
(20)	Severity Ratio* (18)/(19)	0.5673	0.6408	1.2081

* Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 3

POLICY YEAR LOSS RATIO 1999

(1) Standard Earned Premium Reported (Table I)			91,607,330
(2) Factor to 12/1/02 Rate Level (Exhibit V-1)			1.5515
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9962
(4) Expense Constant Removal Factor			0.9988
(5) DCCPAP On-Level Factor			0.9959
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			140,838,960
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	20,747,379	28,728,878	49,476,257
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.7947	1.7394	
(10) Ultimate Incurred Losses (8) * (9)	37,235,321	49,971,010	87,206,331
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	28,658,725	32,615,381	61,274,106
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2078	1.5219	
(13) Ultimate Incurred Losses (11) * (12)	34,614,008	49,637,348	84,251,356
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	35,924,665	49,804,179	85,728,844
(15) Factor to 7/1/03 Benefit Level (Exhibit V-3)	1.1026	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1559	1.1559	
(17) Adjusted Losses (14) * (15) * (16)	45,785,818	57,568,651	103,354,469
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3251	0.4088	0.7339
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6699	0.6699	
(20) Severity Ratio* (18)/(19)	0.4853	0.6102	1.0955

* Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 4

POLICY YEAR LOSS RATIO 1998

(1)	Standard Earned Premium Reported (Table I)	100,545,807
(2)	Factor to 12/1/02 Rate Level (Exhibit V-1)	1.3470
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)	0.9943
(4)	Expense Constant Removal Factor	0.9986
(5)	DCCPAP On-Level Factor	1.0001
(6)	Residual Market Offset Factor	1.0000
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)	134,488,140

Losses - Paid-to-20th Method				
	Indemnity	Medical	Total	
(8)	Paid Losses Reported (Table I-D & I-E)	20,715,157	26,819,509	47,534,666
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.5582	1.6410	
(10)	Ultimate Incurred Losses (8) * (9)	32,278,358	44,010,814	76,289,172
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	24,267,581	30,827,611	55,095,192
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1665	1.4672	
(13)	Ultimate Incurred Losses (11) * (12)	28,308,133	45,230,271	73,538,404
Losses - Average of Incurred and Paid-to-20th				
(14)	Ultimate Incurred Losses ((10) + (13))/2	30,293,246	44,620,543	74,913,789
(15)	Factor to 7/1/03 Benefit Level (Exhibit V-3)	1.1288	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1559	1.1559	
(17)	Adjusted Losses (14) * (15) * (16)	39,526,019	51,576,886	91,102,905
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2939	0.3835	0.6774
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.6734	0.6734	
(20)	Severity Ratio* (18)/(19)	0.4364	0.5695	1.0059

* Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 5

POLICY YEAR LOSS RATIO 1997

(1) Standard Earned Premium Reported (Table I)	93,625,345
(2) Factor to 12/1/02 Rate Level (Exhibit V-2)	1.4601
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)	0.9948
(4) Expense Constant Removal Factor	0.9979
(5) DCCPAP On-Level Factor	1.0081
(6) Residual Market Offset Factor	1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)	136,805,150

Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	21,637,583	26,082,037	47,719,620
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.4382	1.5788	
(10) Ultimate Incurred Losses (8) * (9)	31,119,172	41,178,320	72,297,492
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	25,269,373	28,695,879	53,965,252
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1435	1.4226	
(13) Ultimate Incurred Losses (11) * (12)	28,895,528	40,822,757	69,718,285
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	30,007,350	41,000,539	71,007,889
(15) Factor to 7/1/03 Benefit Level (Exhibit V-3)	1.1532	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1559	1.1559	
(17) Adjusted Losses (14) * (15) * (16)	39,999,314	47,392,523	87,391,837
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2924	0.3464	0.6388
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7296	0.7296	
(20) Severity Ratio* (18)/(19)	0.4008	0.4748	0.8756

* Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 6

POLICY YEAR LOSS RATIO 1996

(1)	Standard Earned Premium Reported (Table I)	91,981,336
(2)	Factor to 12/1/02 Rate Level (Exhibit V-2)	1.5343
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)	0.9978
(4)	Expense Constant Removal Factor	0.9973
(5)	DCCPAP On-Level Factor	1.0131
(6)	Residual Market Offset Factor	1.0000
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)	142,275,995

Losses - Paid-to-20th Method		Indemnity	Medical	Total
(8)	Paid Losses Reported (Table I-D & I-E)	27,122,386	28,303,480	55,425,866
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3646	1.5331	
(10)	Ultimate Incurred Losses (8) * (9)	37,011,208	43,392,065	80,403,273
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	30,853,953	32,691,079	63,545,032
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1245	1.3841	
(13)	Ultimate Incurred Losses (11) * (12)	34,695,270	45,247,722	79,942,992
Losses - Average of Incurred and Paid-to-20th				
(14)	Ultimate Incurred Losses ((10) + (13))/2	35,853,239	44,319,894	80,173,133
(15)	Factor to 7/1/03 Benefit Level (Exhibit V-3)	1.1752	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1559	1.1559	
(17)	Adjusted Losses (14) * (15) * (16)	48,703,530	51,229,365	99,932,895
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3423	0.3601	0.7024
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.7924	0.7924	
(20)	Severity Ratio* (18)/(19)	0.4320	0.4544	0.8864

* Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 7

POLICY YEAR LOSS RATIO 1995

(1) Standard Earned Premium Reported (Table I)			88,800,880
(2) Factor to 12/1/02 Rate Level (Exhibit V-2)			1.5301
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9999
(4) Expense Constant Removal Factor			0.9971
(5) DCCPAP On-Level Factor			1.0112
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			136,983,870
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	23,968,279	25,482,118	49,450,397
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3137	1.4963	
(10) Ultimate Incurred Losses (8) * (9)	31,487,128	38,128,893	69,616,021
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	26,933,673	28,121,464	55,055,137
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1074	1.3499	
(13) Ultimate Incurred Losses (11) * (12)	29,826,349	37,961,164	67,787,513
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	30,656,739	38,045,029	68,701,768
(15) Factor to 7/1/03 Benefit Level (Exhibit V-3)	1.1990	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1559	1.1559	
(17) Adjusted Losses (14) * (15) * (16)	42,487,913	43,976,249	86,464,162
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3102	0.3210	0.6312
(19) Normalized Claim Frequency (Exhibit VII-3)	0.8323	0.8323	
(20) Severity Ratio* (18)/(19)	0.3727	0.3857	0.7584

* Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 8

POLICY YEAR LOSS RATIO 1994

(1) Standard Earned Premium Reported (Table I)			91,582,701
(2) Factor to 12/1/02 Rate Level (Exhibit V-2)			1.4092
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9942
(5) DCCPAP On-Level Factor			1.0129
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			129,965,000
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	23,620,546	24,608,813	48,229,359
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2757	1.4651	
(10) Ultimate Incurred Losses (8) * (9)	30,132,731	36,054,372	66,187,103
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	26,708,076	27,032,267	53,740,343
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0920	1.3190	
(13) Ultimate Incurred Losses (11) * (12)	29,165,219	35,655,560	64,820,779
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	29,648,975	35,854,966	65,503,941
(15) Factor to 7/1/03 Benefit Level (Exhibit V-3)	1.2188	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1559	1.1559	
(17) Adjusted Losses (14) * (15) * (16)	41,769,800	41,444,755	83,214,555
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3214	0.3189	0.6403
(19) Normalized Claim Frequency (Exhibit VII-3)	0.8292	0.8292	
(20) Severity Ratio* (18)/(19)	0.3876	0.3846	0.7722

* Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 9

POLICY YEAR LOSS RATIO 1993

(1) Standard Earned Premium Reported (Table I)			95,524,572
(2) Factor to 12/1/02 Rate Level (Exhibit V-2)			1.3724
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9914
(5) DCCPAP On-Level Factor			1.0144
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			131,842,055
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	27,160,902	27,833,846	54,994,748
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2458	1.4376	
(10) Ultimate Incurred Losses (8) * (9)	33,837,052	40,013,937	73,850,989
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	30,079,303	30,769,660	60,848,963
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0783	1.2910	
(13) Ultimate Incurred Losses (11) * (12)	32,434,512	39,723,631	72,158,143
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	33,135,782	39,868,784	73,004,566
(15) Factor to 7/1/03 Benefit Level (Exhibit V-3)	1.2343	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1559	1.1559	
(17) Adjusted Losses (14) * (15) * (16)	47,275,727	46,084,327	93,360,054
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3586	0.3495	0.7081
(19) Normalized Claim Frequency (Exhibit VII-3)	0.9569	0.9569	
(20) Severity Ratio* (18)/(19)	0.3748	0.3652	0.7400

* Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 10

POLICY YEAR LOSS RATIO 1992

(1) Standard Earned Premium Reported (Table I)			94,717,761
(2) Factor to 12/1/02 Rate Level (Exhibit V-2)			1.3724
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9914
(5) DCCPAP On-Level Factor			1.0137
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			130,638,292
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	27,696,911	30,871,174	58,568,085
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2214	1.4129	
(10) Ultimate Incurred Losses (8) * (9)	33,829,007	43,617,882	77,446,889
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	30,004,671	37,230,124	67,234,795
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0663	1.2655	
(13) Ultimate Incurred Losses (11) * (12)	31,993,981	47,114,722	79,108,703
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	32,911,494	45,366,302	78,277,796
(15) Factor to 7/1/03 Benefit Level (Exhibit V-3)	1.2532	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1559	1.1559	
(17) Adjusted Losses (14) * (15) * (16)	47,674,731	52,438,908	100,113,639
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3649	0.4014	0.7663
(19) Normalized Claim Frequency (Exhibit VII-3)	0.8972	0.8972	
(20) Severity Ratio* (18)/(19)	0.4067	0.4474	0.8541

* Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT V - 1
POLICY YEARS 1998-2001
PREMIUM ON-LEVEL FACTORS

<u>POLICY YEAR</u>		<u>(1)</u> RATE CHANGE DATE	<u>(2)</u> RATE CHANGE	<u>(3)</u> CUM. INDEX OF COL (2)		<u>(4)</u> PORTION OF YEAR ON-LEVEL	<u>(5)</u> PRODUCT (3) * (4)	<u>FACTOR TO ADJUST TO 12/1/02 RATE LEVEL</u>	
2001	VOL	12/01/99	BASE	0.7849	*	0.2226	0.1747		
		3/01/01	0.9079	0.7126		0.5914	0.4214		
		12/01/01	1.1780	0.8394		0.0660	0.0554		
		12/01/02	1.0618	0.8913		-----	-----		
						0.8800	0.6515		
	RM	12/01/99	BASE	1.0000		0.0169	0.0169		
		3/01/01	0.8885	0.8885		0.0943	0.0838		
		12/01/01	1.2850	1.1417		0.0088	0.0100		
		12/01/02	1.0667	1.2179		-----	-----		
						0.1200	0.1107		
		TOTAL					0.7622	1.5979	
	2000	VOL	12/01/99	BASE	0.7849	*	0.9460	0.7425	
3/01/01			0.9079	0.7126					
12/01/01			1.2508	0.8913		-----	-----		
to 12/1/02						0.9460	0.7425		
RM		12/01/99	BASE	1.0000		0.0540	0.0540		
		3/01/01	0.8885	0.8885					
		12/01/01	1.3707	1.2179		-----	-----		
		to 12/1/02				0.0540	0.0540		
		TOTAL					0.7965	1.5291	
1999		VOL	10/01/98	BASE	0.7821	**	0.9053	0.7080	
			12/01/99	1.0086	0.7888		0.0652	0.0514	
			3/01/01	1.1356	0.8958		-----	-----	
	to 12/1/02					0.9705	0.7594		
	RM	10/01/98	BASE	1.0000		0.0286	0.0286		
		12/01/99	1.0050	1.0050		0.0009	0.0009		
		3/01/01	1.2179	1.2240		-----	-----		
		to 12/1/02				0.0295	0.0295		
		TOTAL					0.7889	1.5515	
	1998	VOL	8/01/97	BASE	0.7818	***	0.7869	0.6152	
			10/01/98	0.8503	0.6648		0.1630	0.1084	
			12/01/99	1.1454	0.7615		-----	-----	
to 12/1/02						0.9499	0.7236		
RM		8/01/97	BASE	1.0000		0.0416	0.0416		
		10/01/98	0.8500	0.8500		0.0085	0.0072		
		12/01/99	1.2240	1.0404		-----	-----		
		to 12/1/02				0.0501	0.0488		
		TOTAL					0.7724	1.3470	

* Loss, LAE and LBA portion of 12/1/99 rate.
** Loss & LAE and LBA portion of 10/1/98 rate.
*** Loss & LAE and LBA portion of 8/1/97 rate.

EXHIBIT V - 2
POLICY YEARS 1992 - 1997
PREMIUM ON-LEVEL FACTORS

POLICY YEAR		(1) RATE CHANGE DATE	(2) RATE CHANGE	(3) CUM. INDEX OF COL (2)	(4) PORTION OF YEAR ON-LEVEL	(5) PRODUCT (3) * (4)	FACTOR TO ADJUST TO 12/1/02 RATE LEVEL
1997	VOL	8/01/94	BASE	0.7143	*	0.5678	0.4056
		8/01/97	1.2236	0.8740		0.3530	0.3085
		10/01/98 to 12/1/02	0.9739	0.8512		----- 0.9208	----- 0.7141
	RM	8/01/94	BASE	1.0000		0.0512	0.0512
		8/01/97	1.1179	1.1179		0.0280	0.0313
		10/01/98 to 12/1/02	1.0404	1.1631		----- 0.0792	----- 0.0825
TOTAL						0.7966	1.4601
1996	VOL	8/01/94	BASE	0.7143	*	0.8470	0.6050
		8/01/97	1.1917	0.8512		----- 0.8470	----- 0.6050
		10/01/98 to 12/1/02					
	RM	8/01/94	BASE	1.0000		0.1530	0.1530
		8/01/97	1.1630	1.1630		----- 0.1530	----- 0.1530
		10/01/98 to 12/1/02					
TOTAL						0.7580	1.5343
1995	VOL	8/01/94	BASE	0.7143	*	0.8397	0.5998
		8/01/97	1.1917	0.8512		----- 0.8397	----- 0.5998
		10/01/98 to 12/1/02					
	RM	8/01/94	BASE	1.0000		0.1603	0.1603
		8/01/97	1.1630	1.1630		----- 0.1603	----- 0.1603
		10/01/98 to 12/1/02					
TOTAL						0.7601	1.5301
1994	VOL	2/01/88	BASE	0.6970	**	0.0000	0.0000
		8/01/94	1.2094	0.8430		0.2423	0.2043
		8/01/97	1.1917	1.0046		----- 0.2423	----- 0.2043
		10/01/98 to 12/1/02					
	RM	2/01/88	BASE	1.0000		0.6920	0.6920
		8/01/94	1.1800	1.1800		0.0657	0.0775
8/01/97 to 12/1/02		1.1630	1.3723		----- 0.7577	----- 0.7695	
TOTAL						0.9738	1.4092
1993		2/01/88	BASE	1.0000		1.0000	
		8/01/94	1.3724	1.3724		----- 1.0000	----- 1.0000
		10/01/98 to 12/1/02					1.3724
1992		2/01/88	BASE	1.0000		1.0000	
		8/01/94	1.3724	1.3724		----- 1.0000	----- 1.0000
		10/01/98 to 12/1/02					1.3724

* Loss, LAE and LBA portion of 8/1/94 rate.
** Loss & LAE and LBA portion of 2/1/88 rate.

EXHIBIT V - 3
POLICY YEARS 1992 - 2001
INDEMNITY LOSS ON-LEVEL FACTORS

POLICY YEAR	(1) LAW AMENDMENT DATE	(2) BENEFIT CHANGE	(3) CUM. INDEX OF COL (2)	(4) PORTION OF YEAR ON-LEVEL	(5) PRODUCT (3) * (4)	FACTOR TO ADJUST TO 7/1/03 BENEFIT LEVEL
2001	7/01/00	BASE	1.0000	0.1250	0.1250	1.0500
	7/01/01	1.0242	1.0242	0.7500	0.7682	
	7/01/02	1.0207	1.0454	0.1250	0.1307	
	7/01/03	1.0284	1.0751	----- 1.0000	----- 1.0239	
2000	7/01/99	BASE	1.0000	0.1250	0.1250	1.0752
	7/01/00	1.0260	1.0260	0.7500	0.7695	
	7/01/01	1.0242	1.0508	0.1250	0.1314	
	7/01/02	1.0497	1.1030	----- 1.0000	----- 1.0259	
	to 7/1/03					
1999	7/01/98	BASE	1.0000	0.1250	0.1250	1.1026
	7/01/99	1.0237	1.0237	0.7500	0.7678	
	7/01/00	1.0260	1.0503	0.1250	0.1313	
	7/01/01	1.0751	1.1292	----- 1.0000	----- 1.0241	
	to 7/1/03					
1998	6/18/97	BASE	1.0000	0.1250	0.1250	1.1288
	7/01/98	1.0221	1.0221	0.7500	0.7666	
	7/01/99	1.0237	1.0463	0.1250	0.1308	
	7/01/00	1.1030	1.1541	----- 1.0000	----- 1.0224	
	to 7/1/03					
1997	6/03/96	BASE	1.0000	0.1050	0.1050	1.1532
	6/18/97	1.0193	1.0193	0.7700	0.7849	
	7/01/98	1.0221	1.0418	0.1250	0.1302	
	7/01/99	1.1292	1.1764	----- 1.0000	----- 1.0201	
	to 7/1/03					
1996	6/15/95	BASE	1.0000	0.0868	0.0868	1.1752
	6/03/96	1.0212	1.0212	0.7665	0.7827	
	6/18/97	1.0193	1.0409	0.1467	0.1527	
	7/01/98	1.1541	1.2013	----- 1.0000	----- 1.0222	
	to 7/1/03					
1995	6/14/94	BASE	1.0000	0.1050	0.1050	1.1990
	6/15/95	1.0157	1.0157	0.7249	0.7363	
	6/03/96	1.0212	1.0372	0.1701	0.1764	
	6/18/97	1.1764	1.2202	----- 1.0000	----- 1.0177	
	to 7/1/03					
1994	7/01/93	BASE	1.0000	0.1050	0.1050	1.2188
	6/14/94	1.0111	1.0111	0.7483	0.7566	
	6/15/95	1.0157	1.0270	0.1467	0.1507	
	6/03/96	1.2014	1.2338	----- 1.0000	----- 1.0123	
	to 7/1/03					
1993	7/01/92	BASE	1.0000	0.1250	0.1250	1.2343
	7/01/93	1.0163	1.0163	0.7283	0.7402	
	6/14/94	1.0111	1.0276	0.1467	0.1507	
	6/15/95	1.2202	1.2539	----- 1.0000	----- 1.0159	
	to 7/1/03					
1992	7/01/91	BASE	1.0000	0.1250	0.1250	1.2532
	7/01/92	1.0122	1.0122	0.7500	0.7592	
	7/01/93	1.0163	1.0287	0.1250	0.1286	
	6/14/94	1.2338	1.2692	----- 1.0000	----- 1.0128	
	to 7/1/03					

EXHIBIT VI - 1

DEVELOPMENT FACTORS

PREMIUM

<u>Reports in Ratio</u>	<u>Calendar Years 01-02</u>	<u>Calendar Years 00-01</u>	<u>Calendar Years 99-00</u>	<u>Calendar Years 98-99</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	1.0085	1.0246	1.0210	1.0319	1.0215	1.0219
3rd to 2nd	1.0009	1.0019	1.0113	1.0028	1.0042	1.0004
4th to 3rd	1.0009	1.0063	1.0026	0.9979	1.0019	0.9962
5th to 4th	0.9938	1.0043	0.9991	1.0008	0.9995	0.9943
6th to 5th	0.9968	1.0009	0.9991	0.9910	0.9970	0.9948
7th to 6th	0.9994	1.0007	0.9999	0.9916	0.9979	0.9978
8th to 7th	0.9996	1.0003	1.0000	0.9997	0.9999	0.9999
9th to 8th	0.9997	1.0000	1.0041	0.9999	1.0000 *	1.0000
10th to 9th	1.0000	1.0009	0.9954	1.0000	1.0000 *	1.0000
11th to 10th	1.0003	1.0003	1.0000	1.0000	1.0000 *	1.0000
12th to 11th	1.0000	1.0001	1.0000	1.0000	1.0000 *	1.0000
13th to 12th	1.0001	0.9995	1.0000	1.0000	1.0000 *	1.0000
14th to 13th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
15th to 14th	1.0000	1.0007	1.0000	1.0000	1.0000 *	1.0000
16th to 15th	1.0000	0.9998	1.0000	1.0000	1.0000 *	1.0000
17th to 16th	1.0000	0.9953	1.0000	1.0000	1.0000 *	1.0000
18th to 17th	1.0000	0.9958	1.0000	1.0000	1.0000 *	1.0000
19th to 18th	1.0000	0.9996	1.0000	1.0000	1.0000 *	1.0000
20th to 19th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
Beyond 20th	1.0000	1.0018	1.0000	1.0000	1.0000 *	1.0000

* Selected

EXHIBIT VI - 2

DEVELOPMENT FACTORS

**INDEMNITY LOSSES
PAID METHOD**

Reports in Ratio		Calendar Years <u>01-02</u>	Calendar Years <u>00-01</u>	Calendar Years <u>99-00</u>	Calendar Years <u>98-99</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.9443	1.7950	1.7927	1.7773	1.8273	1.8273	4.4549
3rd to 2nd	a	1.4238	1.3288	1.3741	1.3102	1.3592	1.3584	2.4379
4th to 3rd	a	1.1173	1.1590	1.1673	1.1488	1.1481	1.1518	1.7947
5th to 4th	a	1.0680	1.0934	1.0860	1.0883	1.0839	1.0834	1.5582
6th to 5th	a	1.0905	1.0369	1.0435	1.0652	1.0590	1.0540	1.4382
7th to 6th	a	1.0365	1.0232	1.0534	1.0531	1.0416	1.0387	1.3646
8th to 7th	a	1.0393	1.0413	1.0173	1.0262	1.0310	1.0298	1.3137
9th to 8th	a	1.0178	1.0246	1.0202	1.0277	1.0226	1.0240	1.2757
10th to 9th	a	1.0123	1.0145	1.0156	1.0173	1.0149	1.0200	1.2458
11th to 10th	a	1.0112	1.0292	1.0196	1.0203	1.0201	1.0171	1.2214
12th to 11th	a	1.0046	1.0145	1.0063	1.0118	1.0093	1.0150	1.2008
13th to 12th	a	1.0113	1.0088	1.0069	1.0104	1.0094	1.0132	1.1831
14th to 13th	a	1.0163	1.0051	1.0203	1.0109	1.0132	1.0119	1.1677
15th to 14th	a	1.0058	1.0089	1.0121	1.0108	1.0094	1.0107	1.1539
16th to 15th	a	1.0089	1.0083	1.0153	1.0101	1.0107	1.0098	1.1417
17th to 16th	a	1.0073	1.0054	1.0134	1.0071	1.0083	1.0090	1.1306
18th to 17th	a	1.0058	1.0067	1.0094	1.0087	1.0077	1.0083	1.1206
19th to 18th	a	1.0121	1.0091	1.0104	1.0169	1.0121	1.0077	1.1113
20th to 19th	b	1.0499	1.1168	1.0551	1.1084	1.0826	1.0826	1.1028
Beyond 20th	c	1.0005	1.0682	0.9998	1.0064	1.0187	1.0187	1.0187

INCURRED METHOD

Reports in Ratio		Calendar Years <u>01-02</u>	Calendar Years <u>00-01</u>	Calendar Years <u>99-00</u>	Calendar Years <u>98-99</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.4257	1.2662	1.2122	1.2843	1.2971	1.2971	1.7829
3rd to 2nd	c	1.2291	1.0765	1.1466	1.1001	1.1381	1.1381	1.3745
4th to 3rd	c	1.0595	1.0207	1.0560	1.0070	1.0358	1.0354	1.2078
5th to 4th	c	1.0226	1.0128	1.0201	1.0039	1.0149	1.0201	1.1665
6th to 5th	c	1.0246	1.0156	1.0368	1.0378	1.0287	1.0169	1.1435
7th to 6th	c	1.0327	1.0096	1.0227	0.9935	1.0146	1.0154	1.1245
8th to 7th	c	1.0024	0.9964	1.0367	0.9982	1.0084	1.0141	1.1074
9th to 8th	c	1.0050	1.0001	1.0134	0.9856	1.0010	1.0127	1.0920
10th to 9th	c	1.0157	1.0041	1.0049	1.0139	1.0097	1.0113	1.0783
11th to 10th	c	1.0076	1.0806	0.9979	1.0010	1.0218	1.0099	1.0663
12th to 11th	c	1.0126	1.0245	1.0069	1.0058	1.0125	1.0085	1.0558
13th to 12th	c	1.0251	1.0066	1.0009	1.0065	1.0098	1.0072	1.0469
14th to 13th	c	1.0058	0.9983	1.0071	1.0028	1.0035	1.0060	1.0394
15th to 14th	c	1.0025	1.0091	0.9953	0.9858	0.9982	1.0048	1.0332
16th to 15th	c	1.0010	1.0183	1.0060	1.0037	1.0073	1.0037	1.0283
17th to 16th	c	0.9954	1.0332	0.9926	1.0134	1.0087	1.0027	1.0245
18th to 17th	c	0.9960	1.0004	1.0076	1.0023	1.0016	1.0018	1.0218
19th to 18th	c	0.9991	0.9945	1.0056	0.9815	0.9952	1.0010	1.0199
20th to 19th	c	0.9983	1.0051	0.9869	1.0093	0.9999	1.0002	1.0189
Beyond 20th	c	1.0005	1.0682	0.9998	1.0064	1.0187	1.0187	1.0187

- a** From Table I-D
- b** 19th (Paid - Table I-D) to 20th (Incurred - Table 1-B)
- c** From Table I-B

EXHIBIT VI - 3

**FITTED DEVELOPMENT FACTORS
INDEMNITY LOSSES**

Paid Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.8273	0.8273	0.8273	1.8273
3rd to 2nd	1.3592	0.3592	0.3584	1.3584
4th to 3rd	1.1481	0.1481	0.1518	1.1518
5th to 4th	1.0839	0.0839	0.0834	1.0834
6th to 5th	1.0590	0.0590	0.0540	1.0540
7th to 6th	1.0416	0.0416	0.0387	1.0387
8th to 7th	1.0310	0.0310	0.0298	1.0298
9th to 8th	1.0226	0.0226	0.0240	1.0240
10th to 9th	1.0149	0.0149	0.0200	1.0200
11th to 10th	1.0201	0.0201	0.0171	1.0171
12th to 11th	1.0093	0.0093	0.0150	1.0150
13th to 12th	1.0094	0.0094	0.0132	1.0132
14th to 13th	1.0132	0.0132	0.0119	1.0119
15th to 14th	1.0094	0.0094	0.0107	1.0107
16th to 15th	1.0107	0.0107	0.0098	1.0098
17th to 16th	1.0083	0.0083	0.0090	1.0090
18th to 17th	1.0077	0.0077	0.0083	1.0083
19th to 18th	1.0121	0.0121	0.0077	1.0077
20th to 19th *	1.0826	0.0826	0.0826	1.0826

$Y = a+b/x+c/x^2+d/x^3+e/x^4$

$a = -0.001278 \quad b = 0.152988 \quad c = -0.57479 \quad d = 4.027508 \quad e = -3.294422$

* Paid-Incurred factor, $Y = a+b/x+c/x^2+d/x^3$

$a = 0.083809 \quad b = -0.278670 \quad c = 4.999641 \quad d = -2.792332$

Incurred Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.2971	0.2971	0.2971	1.2971
3rd to 2nd	1.1381	0.1381	0.1381	1.1381
4th to 3rd	1.0358	0.0358	0.0354	1.0354
5th to 4th	1.0149	0.0149	0.0201	1.0201
6th to 5th	1.0287	0.0287	0.0169	1.0169
7th to 6th	1.0146	0.0146	0.0154	1.0154
8th to 7th	1.0084	0.0084	0.0141	1.0141
9th to 8th	1.0010	0.0010	0.0127	1.0127
10th to 9th	1.0097	0.0097	0.0113	1.0113
11th to 10th	1.0218	0.0218	0.0099	1.0099
12th to 11th	1.0125	0.0125	0.0085	1.0085
13th to 12th	1.0098	0.0098	0.0072	1.0072
14th to 13th	1.0035	0.0035	0.0060	1.0060
15th to 14th	0.9982	-0.0018	0.0048	1.0048
16th to 15th	1.0073	0.0073	0.0037	1.0037
17th to 16th	1.0087	0.0087	0.0027	1.0027
18th to 17th	1.0016	0.0016	0.0018	1.0018
19th to 18th	0.9952	-0.0048	0.0010	1.0010
20th to 19th	0.9999	-0.0001	0.0002	1.0002
Beyond 20th +	1.0187	0.0187	0.0187	1.0187

$Y = a+b/x+c/x^2+d/x^3+e/x^4+f/x^5$

$a = -0.020118 \quad b = 0.501884 \quad c = -2.428636 \quad d = 3.865390 \quad e = -2.621164 \quad f = -4.242583$

+ Selected four year average

EXHIBIT VI - 4

DEVELOPMENT FACTORS

**MEDICAL LOSSES
PAID METHOD**

Reports in Ratio		Calendar Years <u>01-02</u>	Calendar Years <u>00-01</u>	Calendar Years <u>99-00</u>	Calendar Years <u>98-99</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.4257	1.3392	1.3233	1.2578	1.3365	1.3366	2.5920
3rd to 2nd	a	1.1352	1.0901	1.1427	1.0984	1.1166	1.1149	1.9393
4th to 3rd	a	1.0606	1.0532	1.0564	1.0544	1.0562	1.0600	1.7394
5th to 4th	a	1.0568	1.0415	1.0348	1.0274	1.0401	1.0394	1.6410
6th to 5th	a	1.0477	1.0259	1.0182	1.0331	1.0312	1.0298	1.5788
7th to 6th	a	1.0275	1.0282	1.0232	1.0261	1.0263	1.0246	1.5331
8th to 7th	a	1.0330	1.0191	1.0300	1.0160	1.0245	1.0213	1.4963
9th to 8th	a	1.0078	1.0266	1.0109	1.0167	1.0155	1.0191	1.4651
10th to 9th	a	1.0297	1.0093	1.0160	1.0218	1.0192	1.0175	1.4376
11th to 10th	a	1.0151	1.0087	1.0145	1.0096	1.0120	1.0162	1.4129
12th to 11th	a	1.0106	1.0141	1.0089	1.0173	1.0127	1.0151	1.3904
13th to 12th	a	1.0208	1.0109	1.0107	1.0115	1.0135	1.0142	1.3697
14th to 13th	a	1.0180	1.0140	1.0142	1.0178	1.0160	1.0135	1.3505
15th to 14th	a	1.0133	1.0096	1.0152	1.0238	1.0155	1.0130	1.3325
16th to 15th	a	1.0115	1.0117	1.0188	1.0086	1.0127	1.0125	1.3154
17th to 16th	a	1.0188	1.0218	1.0055	1.0027	1.0122	1.0122	1.2992
18th to 17th	a	1.0193	1.0095	1.0051	1.0241	1.0145	1.0120	1.2835
19th to 18th	a	1.0092	1.0031	1.0175	1.0059	1.0089	1.0118	1.2683
20th to 19th	b	1.0475	1.2476	1.0649	1.0574	1.1044	1.1223	1.2535
Beyond 20th	c	1.3005	0.9948	1.2131	1.2692	1.1944	1.1169	1.1169

INCURRED METHOD

Reports in Ratio		Calendar Years <u>01-02</u>	Calendar Years <u>00-01</u>	Calendar Years <u>99-00</u>	Calendar Years <u>98-99</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.2219	1.1501	1.1034	1.1001	1.1439	1.1278	1.8061
3rd to 2nd	c	1.1134	1.0437	1.0801	1.0366	1.0685	1.0523	1.6015
4th to 3rd	c	1.0417	1.0365	1.0280	1.0079	1.0285	1.0373	1.5219
5th to 4th	c	1.0549	1.0368	1.0368	1.0184	1.0367	1.0313	1.4672
6th to 5th	c	1.0849	1.0302	1.0143	1.0394	1.0422	1.0278	1.4226
7th to 6th	c	1.0218	1.0412	1.0249	1.0015	1.0224	1.0254	1.3841
8th to 7th	c	1.0585	1.0160	1.0236	1.0141	1.0281	1.0234	1.3499
9th to 8th	c	1.0050	1.0190	1.0009	1.0146	1.0099	1.0217	1.3190
10th to 9th	c	1.0215	1.0094	1.0244	1.0350	1.0226	1.0201	1.2910
11th to 10th	c	1.0221	1.0055	1.0060	1.0060	1.0099	1.0186	1.2655
12th to 11th	c	1.0266	1.0274	1.0100	0.9800	1.0110	1.0172	1.2424
13th to 12th	c	1.0162	1.0145	1.0170	1.0015	1.0123	1.0158	1.2214
14th to 13th	c	1.0174	0.9843	1.0131	1.0194	1.0086	1.0145	1.2024
15th to 14th	c	1.0179	0.9967	1.0104	1.0057	1.0077	1.0132	1.1852
16th to 15th	c	1.0102	1.0049	1.0028	1.0023	1.0051	1.0119	1.1698
17th to 16th	c	1.0095	1.0225	1.0153	1.0020	1.0123	1.0106	1.1560
18th to 17th	c	0.9940	1.0055	0.9872	1.0364	1.0058	1.0093	1.1439
19th to 18th	c	1.0177	1.0007	1.0079	1.0235	1.0125	1.0080	1.1334
20th to 19th	c	1.0041	0.9775	1.0126	1.0040	0.9996	1.0067	1.1244
Beyond 20th	c	1.3005	0.9948	1.2131	1.2692	1.1944	1.1169	1.1169

- a** From Table I-D
- b** 19th (Paid - Table I-D) to 20th (Incurred - Table 1-B)
- c** From Table I-B

EXHIBIT VI - 5

FITTED DEVELOPMENT FACTORS

MEDICAL LOSSES

Paid Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.3365	0.3365	0.3366	1.3366
3rd to 2nd	1.1166	0.1166	0.1149	1.1149
4th to 3rd	1.0562	0.0562	0.0600	1.0600
5th to 4th	1.0401	0.0401	0.0394	1.0394
6th to 5th	1.0312	0.0312	0.0298	1.0298
7th to 6th	1.0263	0.0263	0.0246	1.0246
8th to 7th	1.0245	0.0245	0.0213	1.0213
9th to 8th	1.0155	0.0155	0.0191	1.0191
10th to 9th	1.0192	0.0192	0.0175	1.0175
11th to 10th	1.0120	0.0120	0.0162	1.0162
12th to 11th	1.0127	0.0127	0.0151	1.0151
13th to 12th	1.0135	0.0135	0.0142	1.0142
14th to 13th	1.0160	0.0160	0.0135	1.0135
15th to 14th	1.0155	0.0155	0.0130	1.0130
16th to 15th	1.0127	0.0127	0.0125	1.0125
17th to 16th	1.0122	0.0122	0.0122	1.0122
18th to 17th	1.0145	0.0145	0.0120	1.0120
19th to 18th	1.0089	0.0089	0.0118	1.0118
20th to 19th *	1.1044	0.1044	0.1223	1.1223

$Y = a+b*\log(x)+c*\log(x)^2+d*\log(x)^3+e*\log(x)^4+f*\log(x)^5$
 $a = 0.336644 \quad b = -0.488683 \quad c = 0.299186 \quad d = -0.087816 \quad e = 0.011053 \quad f = -0.000311$
 * Paid-Incurred factor, $Y = a*\exp(b/x)$
 $a = 0.111954 \quad b = 1.680082$

Incurred Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.1439	0.1439	0.1278	1.1278
3rd to 2nd	1.0685	0.0685	0.0523	1.0523
4th to 3rd	1.0285	0.0285	0.0373	1.0373
5th to 4th	1.0367	0.0367	0.0313	1.0313
6th to 5th	1.0422	0.0422	0.0278	1.0278
7th to 6th	1.0224	0.0224	0.0254	1.0254
8th to 7th	1.0281	0.0281	0.0234	1.0234
9th to 8th	1.0099	0.0099	0.0217	1.0217
10th to 9th	1.0226	0.0226	0.0201	1.0201
11th to 10th	1.0099	0.0099	0.0186	1.0186
12th to 11th	1.0110	0.0110	0.0172	1.0172
13th to 12th	1.0123	0.0123	0.0158	1.0158
14th to 13th	1.0086	0.0086	0.0145	1.0145
15th to 14th	1.0077	0.0077	0.0132	1.0132
16th to 15th	1.0051	0.0051	0.0119	1.0119
17th to 16th	1.0123	0.0123	0.0106	1.0106
18th to 17th	1.0058	0.0058	0.0093	1.0093
19th to 18th	1.0125	0.0125	0.0080	1.0080
20th to 19th	0.9996	-0.0004	0.0067	1.0067
Beyond 20th +	1.1944	0.1944	0.1169	1.1169

$Y = a+b*x+c/x^2$
 $a = 0.030086 \quad b = -0.001245 \quad c = 0.098951$
 + Selected eight year average

EXHIBIT VII - 1

DETERMINATION OF TREND

INDEMNITY

Policy Year	1995	1996	1997	1998	1999	2000	2001
Actual Loss Ratio	0.3102	0.3423	0.2924	0.2939	0.3251	0.3474	0.2503
Normalized Frequency	0.8323	0.7924	0.7296	0.6734	0.6699	0.6124	0.5294
Severity Loss Ratio	0.3727	0.4320	0.4008	0.4364	0.4853	0.5673	0.4728
x	1	2	3	4	5	6	7
y	0.3727	0.4320	0.4008	0.4364	0.4853	0.5673	0.4728

7 Point Exponential Regression: $y = 0.3648 * 1.053147 ^ x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 12/1/04 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
1998	0.4261	0.5789	1.3585	0.6422
1999	0.4488	0.5789	1.2899	0.6456
2000	0.4726	0.5789	1.2249	0.7062
2001	0.4977	0.5789	1.1630	0.8169

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
1998	0.2939	0.8725	0.2564
1999	0.3251	0.8328	0.2707
2000	0.3474	0.8650	0.3005
2001	0.2503	0.9502	0.2378

See Exhibit VII - 3 for column (4).

EXHIBIT VII - 2

DETERMINATION OF TREND

MEDICAL

Policy Year	1995	1996	1997	1998	1999	2000	2001
Actual Loss Ratio	0.3210	0.3601	0.3464	0.3835	0.4088	0.3924	0.3343
Normalized Frequency	0.8323	0.7924	0.7296	0.6734	0.6699	0.6124	0.5294
Severity Loss Ratio	0.3857	0.4544	0.4748	0.5695	0.6102	0.6408	0.6315
x	1	2	3	4	5	6	7
y	0.3857	0.4544	0.4748	0.5695	0.6102	0.6408	0.6315

7 Point Exponential Regression: $y = 0.3750 * 1.090176 ^ x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 12/1/04 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
1998	0.4859	0.8098	1.6667	0.6422
1999	0.5297	0.8098	1.5288	0.6456
2000	0.5774	0.8098	1.4024	0.7062
2001	0.6295	0.8098	1.2864	0.8169

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
1998	0.3835	1.0703	0.4105
1999	0.4088	0.9870	0.4035
2000	0.3924	0.9904	0.3886
2001	0.3343	1.0509	0.3513

See Exhibit VII - 3 for column (4).

EXHIBIT VII - 3

DETERMINATION OF TREND

Claim Frequency

Policy Year Frequency per \$1 million of Expected Losses

{1 = PY 1989, 13 = PY 2001}

TREND FACTOR TO 1/1/02

Policy Year	Claim Frequency	Normalized Frequency	Trend Factor to 1/1/02
1989	22.78	1.0000	0.5294
1990	21.30	0.9350	0.5662
1991	20.66	0.9069	0.5837
1992	20.44	0.8972	0.5901
1993	21.80	0.9569	0.5532
1994	18.89	0.8292	0.6384
1995	18.96	0.8323	0.6361
1996	18.05	0.7924	0.6681
1997	16.62	0.7296	0.7256
1998	15.34	0.6734	0.7862
1999	15.26	0.6699	0.7903
2000	13.95	0.6124	0.8645
2001	12.06	0.5294	1.0000

TREND FACTOR FROM 1/1/02 TO 12/1/04

Selected Annual Trend Factor from 1/1/02 to 12/1/04 (Based on 7 point exponential fit of claim frequencies)	0.9330
--	--------

TOTAL FREQUENCY TREND FACTOR TO 4/1/04

Policy Year	Trend to 1/1/02	Trend from 1/1/02 - 12/1/04	Total to 4/1/04
1998	0.7862	0.8169	0.6422
1999	0.7903	0.8169	0.6456
2000	0.8645	0.8169	0.7062
2001	1.0000	0.8169	0.8169

TABLE I

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/98	As of 12/31/99	Ratio to Prior Year	Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior to 1979	190,054,234	190,054,234	1.0000	Prior to 1980	234,278,178	234,278,178	1.0000
1979	42,362,415	42,362,415	1.0000	1980	46,480,473	46,480,553	1.0000
1980	46,924,985	46,924,905	1.0000	1981	44,165,942	44,165,942	1.0000
1981	44,601,046	44,601,046	1.0000	1982	48,728,611	48,728,611	1.0000
1982	49,128,443	49,128,443	1.0000	1983	45,595,348	45,595,323	1.0000
1983	45,927,620	45,927,621	1.0000	1984	50,794,480	50,794,480	1.0000
1984	51,270,678	51,270,678	1.0000	1985	65,821,297	65,821,297	1.0000
1985	66,476,062	66,476,062	1.0000	1986	79,293,437	79,293,437	1.0000
1986	79,627,387	79,627,388	1.0000	1987	92,207,608	92,207,996	1.0000
1987	92,964,063	92,963,693	1.0000	1988	111,595,771	111,595,222	1.0000
1988	112,512,024	112,512,025	1.0000	1989	119,520,871	119,521,136	1.0000
1989	121,306,647	121,306,979	1.0000	1990	108,883,259	108,381,913	0.9954
1990	110,859,699	110,845,930	0.9999	1991	105,362,128	105,797,140	1.0041
1991	107,090,876	107,059,178	0.9997	1992	95,202,591	95,198,330	1.0000
1992	97,871,638	97,051,319	0.9916	1993	96,165,637	96,151,568	0.9999
1993	99,391,695	98,494,110	0.9910	1994	92,368,264	92,285,108	0.9991
1994	93,690,601	93,768,556	1.0008	1995	89,043,327	88,964,351	0.9991
1995	91,123,569	90,927,817	0.9979	1996	92,192,105	92,435,967	1.0026
1996	93,938,214	94,203,628	1.0028	1997	94,282,637	95,345,386	1.0113
1997	94,181,258	97,184,578	1.0319	1998	99,425,949	101,517,282	1.0210
1998	59,447,274	103,992,807	1.7493	1999	50,156,924	90,536,755	1.8051
1999		52,876,848		2000		51,697,633	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year	Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior to 1981	274,486,556	274,561,243	1.0003	Prior to 1982	317,157,645	317,157,641	1.0000
1981	42,618,265	42,618,265	1.0000	1982	46,691,320	46,691,320	1.0000
1982	46,733,852	46,716,098	0.9996	1983	43,924,018	43,924,130	1.0000
1983	44,137,498	43,950,745	0.9958	1984	49,374,297	49,374,378	1.0000
1984	49,609,280	49,376,461	0.9953	1985	65,436,893	65,436,943	1.0000
1985	65,450,663	65,439,617	0.9998	1986	78,598,177	78,598,177	1.0000
1986	78,546,526	78,601,181	1.0007	1987	91,838,178	91,838,178	1.0000
1987	91,846,334	91,843,785	1.0000	1988	110,198,422	110,198,419	1.0000
1988	110,262,658	110,203,387	0.9995	1989	118,331,190	118,340,510	1.0001
1989	118,350,625	118,357,050	1.0001	1990	107,266,350	107,267,679	1.0000
1990	107,258,071	107,290,063	1.0003	1991	103,642,058	103,671,138	1.0003
1991	103,626,038	103,718,727	1.0009	1992	94,718,761	94,717,761	1.0000
1992	94,767,774	94,767,733	1.0000	1993	95,554,572	95,524,572	0.9997
1993	95,581,984	95,611,649	1.0003	1994	91,616,895	91,582,701	0.9996
1994	92,191,084	92,252,530	1.0007	1995	88,856,827	88,800,880	0.9994
1995	88,934,378	89,011,718	1.0009	1996	92,274,072	91,981,336	0.9968
1996	92,402,914	92,803,451	1.0043	1997	94,209,844	93,625,345	0.9938
1997	95,729,290	96,330,668	1.0063	1998	100,458,553	100,545,807	1.0009
1998	101,465,347	101,662,515	1.0019	1999	91,521,216	91,607,330	1.0009
1999	90,516,612	92,739,181	1.0246	2000	94,758,709	95,567,315	1.0085
2000	51,709,308	97,581,647	1.8871	2001	52,353,251	97,978,170	1.8715
2001		52,742,993		2002		62,473,948	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - A

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/98	As of 12/31/99	Ratio to Prior Year	Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior to 1979	143,773,484	145,448,749	1.0117	Prior to 1980	166,368,946	167,821,419	1.0087
1979	18,510,238	18,650,536	1.0076	1980	19,435,020	19,355,581	0.9959
1980	19,689,274	19,607,704	0.9959	1981	29,360,208	29,553,483	1.0066
1981	29,259,577	29,751,648	1.0168	1982	26,720,356	26,733,988	1.0005
1982	26,574,586	26,825,218	1.0094	1983	31,593,595	31,609,994	1.0005
1983	31,632,584	31,735,197	1.0032	1984	38,640,546	38,814,236	1.0045
1984	39,071,174	38,881,469	0.9951	1985	46,141,143	46,239,015	1.0021
1985	46,348,670	46,823,056	1.0102	1986	45,800,777	46,238,202	1.0096
1986	45,722,803	45,926,105	1.0044	1987	58,120,303	58,583,566	1.0080
1987	58,887,120	58,551,149	0.9943	1988	53,783,433	54,228,192	1.0083
1988	54,276,675	54,450,794	1.0032	1989	65,466,122	65,574,826	1.0017
1989	64,663,208	66,183,538	1.0235	1990	61,145,449	61,992,055	1.0138
1990	62,457,402	62,381,339	0.9988	1991	62,000,078	62,459,973	1.0074
1991	62,686,730	63,049,328	1.0058	1992	63,865,773	65,752,438	1.0295
1992	65,298,233	65,160,786	0.9979	1993	58,787,064	60,186,139	1.0238
1993	57,574,270	59,797,508	1.0386	1994	49,797,953	51,084,147	1.0258
1994	49,829,581	50,374,812	1.0109	1995	51,008,273	52,464,126	1.0285
1995	51,636,296	52,019,343	1.0074	1996	56,805,225	59,189,166	1.0420
1996	53,796,214	57,417,468	1.0673	1997	46,907,867	52,113,039	1.1110
1997	40,707,445	47,983,423	1.1787	1998	44,153,482	50,674,812	1.1477
1998	20,856,002	45,623,515	2.1875	1999	19,547,595	45,266,765	2.3157
1999		22,569,124		2000		18,681,135	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year	Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior to 1981	182,858,929	183,908,256	1.0057	Prior to 1982	212,386,741	215,072,648	1.0126
1981	28,743,708	28,547,964	0.9932	1982	25,809,013	25,817,554	1.0003
1982	25,918,199	25,831,387	0.9967	1983	31,079,596	31,258,125	1.0057
1983	31,011,693	31,079,666	1.0022	1984	39,483,937	39,287,576	0.9950
1984	38,442,819	39,524,196	1.0281	1985	46,680,878	46,763,283	1.0018
1985	46,118,419	46,680,878	1.0122	1986	46,073,653	46,293,721	1.0048
1986	45,889,838	46,073,653	1.0040	1987	57,724,744	58,258,646	1.0092
1987	58,185,536	57,725,272	0.9921	1988	54,948,889	55,552,282	1.0110
1988	54,401,062	54,948,889	1.0101	1989	66,468,443	67,861,896	1.0210
1989	64,801,353	66,476,221	1.0258	1990	63,720,830	64,925,369	1.0189
1990	60,944,503	63,722,446	1.0456	1991	61,457,586	62,350,529	1.0145
1991	61,067,909	61,473,630	1.0066	1992	65,987,716	67,234,795	1.0189
1992	65,556,215	66,237,811	1.0104	1993	60,545,759	60,848,963	1.0050
1993	60,180,380	60,551,597	1.0062	1994	52,181,769	53,740,343	1.0299
1994	51,099,719	52,368,652	1.0248	1995	53,600,548	55,055,137	1.0271
1995	52,456,811	53,665,432	1.0230	1996	60,246,516	63,545,032	1.0548
1996	59,156,208	60,617,887	1.0247	1997	51,911,532	53,965,252	1.0396
1997	52,383,893	53,899,167	1.0289	1998	52,499,348	55,095,192	1.0494
1998	50,659,997	53,590,728	1.0579	1999	52,610,068	61,274,106	1.1647
1999	45,280,459	54,294,463	1.1991	2000	46,102,145	60,564,515	1.3137
2000	18,679,190	47,738,563	2.5557	2001	19,773,186	43,794,606	2.2148
2001		19,853,242		2002		22,605,302	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - B

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/98	As of 12/31/99	Ratio to Prior Year	Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior to 1979	93,183,176	93,263,448	1.0009	Prior to 1980	107,736,734	107,734,616	1.0000
1979	12,584,736	12,701,504	1.0093	1980	12,608,338	12,442,668	0.9869
1980	12,969,492	12,729,932	0.9815	1981	16,816,359	16,910,628	1.0056
1981	16,800,935	16,839,443	1.0023	1982	17,437,070	17,569,911	1.0076
1982	17,250,756	17,482,322	1.0134	1983	20,587,789	20,436,287	0.9926
1983	20,585,395	20,662,049	1.0037	1984	20,271,592	20,393,916	1.0060
1984	20,681,476	20,387,036	0.9858	1985	25,311,342	25,193,026	0.9953
1985	25,576,086	25,646,485	1.0028	1986	27,041,998	27,233,164	1.0071
1986	26,932,398	27,107,983	1.0065	1987	32,609,296	32,638,598	1.0009
1987	32,693,414	32,881,679	1.0058	1988	29,985,536	30,191,657	1.0069
1988	30,325,842	30,356,779	1.0010	1989	35,277,026	35,204,369	0.9979
1989	35,209,843	35,700,108	1.0139	1990	32,960,926	33,120,962	1.0049
1990	34,052,055	33,561,408	0.9856	1991	32,275,203	32,709,034	1.0134
1991	32,928,619	32,870,644	0.9982	1992	28,800,637	29,858,886	1.0367
1992	29,550,508	29,358,092	0.9935	1993	29,338,473	30,003,241	1.0227
1993	28,681,764	29,766,203	1.0378	1994	25,501,056	26,438,940	1.0368
1994	25,679,087	25,780,449	1.0039	1995	25,197,637	25,703,030	1.0201
1995	25,394,665	25,571,282	1.0070	1996	28,318,143	29,904,058	1.0560
1996	26,027,636	28,633,804	1.1001	1997	21,798,652	24,993,310	1.1466
1997	17,375,838	22,315,545	1.2843	1998	17,992,234	21,809,595	1.2122
1998	8,222,955	18,554,456	2.2564	1999	7,870,995	19,091,485	2.4255
1999		8,896,601		2000		7,055,758	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year	Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior to 1981	117,298,426	118,411,896	1.0095	Prior to 1982	136,901,229	136,910,111	1.0001
1981	16,321,604	16,404,998	1.0051	1982	16,899,789	16,871,520	0.9983
1982	17,005,301	16,912,480	0.9945	1983	20,043,276	20,026,001	0.9991
1983	20,035,665	20,043,276	1.0004	1984	20,868,003	20,783,659	0.9960
1984	20,214,880	20,885,868	1.0332	1985	25,590,778	25,472,569	0.9954
1985	25,131,026	25,590,778	1.0183	1986	27,289,248	27,317,558	1.0010
1986	27,043,707	27,289,248	1.0091	1987	32,330,958	32,410,538	1.0025
1987	32,386,473	32,330,958	0.9983	1988	30,516,201	30,694,153	1.0058
1988	30,316,984	30,516,201	1.0066	1989	35,652,795	36,548,520	1.0251
1989	34,805,754	35,659,161	1.0245	1990	35,152,805	35,596,365	1.0126
1990	32,532,700	35,153,872	1.0806	1991	32,124,766	32,369,337	1.0076
1991	31,996,277	32,127,273	1.0041	1992	29,539,460	30,004,671	1.0157
1992	29,737,620	29,740,284	1.0001	1993	29,928,552	30,079,303	1.0050
1993	30,039,618	29,929,986	0.9964	1994	26,643,787	26,708,076	1.0024
1994	26,459,458	26,713,412	1.0096	1995	26,079,854	26,933,673	1.0327
1995	25,695,772	26,096,754	1.0156	1996	30,113,802	30,853,953	1.0246
1996	29,871,100	30,253,837	1.0128	1997	24,709,702	25,269,373	1.0226
1997	25,137,841	25,658,955	1.0207	1998	22,904,488	24,267,581	1.0595
1998	21,806,673	23,475,825	1.0765	1999	23,317,671	28,658,725	1.2291
1999	19,103,906	24,189,873	1.2662	2000	20,775,307	29,618,912	1.4257
2000	7,053,813	21,513,961	3.0500	2001	6,361,510	18,375,196	2.8885
2001		6,393,720		2002		8,084,616	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - C

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/98	As of 12/31/99	Ratio to Prior Year	Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior to 1979	50,590,308	52,185,301	1.0315	Prior to 1980	58,632,212	60,086,803	1.0248
1979	5,925,502	5,949,032	1.0040	1980	6,826,682	6,912,913	1.0126
1980	6,719,782	6,877,772	1.0235	1981	12,543,849	12,642,855	1.0079
1981	12,458,642	12,912,205	1.0364	1982	9,283,286	9,164,077	0.9872
1982	9,323,830	9,342,896	1.0020	1983	11,005,806	11,173,707	1.0153
1983	11,047,189	11,073,148	1.0023	1984	18,368,954	18,420,320	1.0028
1984	18,389,698	18,494,433	1.0057	1985	20,829,801	21,045,989	1.0104
1985	20,772,584	21,176,571	1.0194	1986	18,758,779	19,005,038	1.0131
1986	18,790,405	18,818,122	1.0015	1987	25,511,007	25,944,968	1.0170
1987	26,193,706	25,669,470	0.9800	1988	23,797,897	24,036,535	1.0100
1988	23,950,833	24,094,015	1.0060	1989	30,189,096	30,370,457	1.0060
1989	29,453,365	30,483,430	1.0350	1990	28,184,523	28,871,093	1.0244
1990	28,405,347	28,819,931	1.0146	1991	29,724,875	29,750,939	1.0009
1991	29,758,111	30,178,684	1.0141	1992	35,065,136	35,893,552	1.0236
1992	35,747,725	35,802,694	1.0015	1993	29,448,591	30,182,898	1.0249
1993	28,892,506	30,031,305	1.0394	1994	24,296,897	24,645,207	1.0143
1994	24,150,494	24,594,363	1.0184	1995	25,810,636	26,761,096	1.0368
1995	26,241,631	26,448,061	1.0079	1996	28,487,082	29,285,108	1.0280
1996	27,768,578	28,783,664	1.0366	1997	25,109,215	27,119,729	1.0801
1997	23,331,607	25,667,878	1.1001	1998	26,161,248	28,865,217	1.1034
1998	12,633,047	27,069,059	2.1427	1999	11,676,600	26,175,280	2.2417
1999		13,672,523		2000		11,625,377	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year	Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior to 1981	65,560,503	65,496,360	0.9990	Prior to 1982	75,485,512	78,162,537	1.0355
1981	12,422,104	12,142,966	0.9775	1982	8,909,224	8,946,034	1.0041
1982	8,912,898	8,918,907	1.0007	1983	11,036,320	11,232,124	1.0177
1983	10,976,028	11,036,390	1.0055	1984	18,615,934	18,503,917	0.9940
1984	18,227,939	18,638,328	1.0225	1985	21,090,100	21,290,714	1.0095
1985	20,987,393	21,090,100	1.0049	1986	18,784,405	18,976,163	1.0102
1986	18,846,131	18,784,405	0.9967	1987	25,393,786	25,848,108	1.0179
1987	25,799,063	25,394,314	0.9843	1988	24,432,688	24,858,129	1.0174
1988	24,084,078	24,432,688	1.0145	1989	30,815,648	31,313,376	1.0162
1989	29,995,599	30,817,060	1.0274	1990	28,568,025	29,329,004	1.0266
1990	28,411,803	28,568,574	1.0055	1991	29,332,820	29,981,192	1.0221
1991	29,071,632	29,346,357	1.0094	1992	36,448,256	37,230,124	1.0215
1992	35,818,595	36,497,527	1.0190	1993	30,617,207	30,769,660	1.0050
1993	30,140,762	30,621,611	1.0160	1994	25,537,982	27,032,267	1.0585
1994	24,640,261	25,655,240	1.0412	1995	27,520,694	28,121,464	1.0218
1995	26,761,039	27,568,678	1.0302	1996	30,132,714	32,691,079	1.0849
1996	29,285,108	30,364,050	1.0368	1997	27,201,830	28,695,879	1.0549
1997	27,246,052	28,240,212	1.0365	1998	29,594,860	30,827,611	1.0417
1998	28,853,324	30,114,903	1.0437	1999	29,292,397	32,615,381	1.1134
1999	26,176,553	30,104,590	1.1501	2000	25,326,838	30,945,603	1.2219
2000	11,625,377	26,224,602	2.2558	2001	13,411,676	25,419,410	1.8953
2001		13,459,522		2002		14,520,686	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - D

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY PAID LOSSES

Policy Year Valued	As of 12/31/98	As of 12/31/99	Ratio to Prior Year	Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior to 1979	87,373,146	88,254,682	1.0101	Prior to 1980	101,706,704	102,383,760	1.0067
1979	11,459,222	11,619,568	1.0140	1980	11,792,754	11,935,897	1.0121
1980	11,715,968	11,914,348	1.0169	1981	15,144,742	15,301,589	1.0104
1981	15,036,410	15,167,826	1.0087	1982	16,346,595	16,499,589	1.0094
1982	16,275,809	16,391,847	1.0071	1983	18,521,643	18,769,257	1.0134
1983	18,409,088	18,595,903	1.0101	1984	18,891,390	19,179,808	1.0153
1984	18,803,088	19,006,834	1.0108	1985	23,419,003	23,701,917	1.0121
1985	23,498,051	23,754,146	1.0109	1986	24,469,082	24,964,784	1.0203
1986	24,283,418	24,535,067	1.0104	1987	30,628,549	30,840,187	1.0069
1987	30,539,599	30,900,932	1.0118	1988	27,709,701	27,884,286	1.0063
1988	27,502,266	28,060,249	1.0203	1989	32,773,961	33,415,623	1.0196
1989	32,633,048	33,197,043	1.0173	1990	30,763,098	31,241,593	1.0156
1990	30,518,347	31,363,580	1.0277	1991	29,641,660	30,241,215	1.0202
1991	29,465,093	30,237,101	1.0262	1992	26,499,692	26,958,491	1.0173
1992	25,584,791	26,943,070	1.0531	1993	24,342,250	25,641,503	1.0534
1993	23,212,477	24,726,221	1.0652	1994	21,354,486	22,282,378	1.0435
1994	19,878,106	21,633,879	1.0883	1995	20,551,923	22,319,633	1.0860
1995	18,122,566	20,819,735	1.1488	1996	19,593,374	22,872,190	1.1673
1996	15,118,083	19,807,759	1.3102	1997	13,076,456	17,968,310	1.3741
1997	7,536,484	13,394,511	1.7773	1998	7,960,404	14,270,963	1.7927
1998	2,881,226	8,297,474	2.8798	1999	2,241,687	8,434,390	3.7625
1999		2,377,190		2000		2,143,202	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year	Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior to 1981	111,670,841	112,268,135	1.0053	Prior to 1982	128,059,673	128,949,446	1.0069
1981	14,689,872	14,799,384	1.0075	1982	16,069,814	16,148,813	1.0049
1982	15,937,210	16,082,505	1.0091	1983	18,497,029	18,721,610	1.0121
1983	18,374,091	18,497,029	1.0067	1984	19,070,906	19,181,626	1.0058
1984	18,985,943	19,088,771	1.0054	1985	23,845,249	24,018,286	1.0073
1985	23,649,831	23,845,249	1.0083	1986	24,971,994	25,195,279	1.0089
1986	24,752,063	24,971,994	1.0089	1987	30,754,094	30,932,600	1.0058
1987	30,597,452	30,754,094	1.0051	1988	28,292,124	28,753,302	1.0163
1988	28,044,182	28,292,124	1.0088	1989	33,487,831	33,867,812	1.0113
1989	33,017,009	33,494,197	1.0145	1990	31,559,919	31,705,795	1.0046
1990	30,665,585	31,560,986	1.0292	1991	30,004,802	30,342,348	1.0112
1991	29,578,064	30,007,309	1.0145	1992	27,360,955	27,696,911	1.0123
1992	26,900,125	27,561,779	1.0246	1993	26,686,791	27,160,902	1.0178
1993	25,630,294	26,688,225	1.0413	1994	22,727,178	23,620,546	1.0393
1994	22,279,980	22,796,803	1.0232	1995	23,125,253	23,968,279	1.0365
1995	22,319,633	23,142,153	1.0369	1996	24,872,193	27,122,386	1.0905
1996	22,872,190	25,008,651	1.0934	1997	20,259,497	21,637,583	1.0680
1997	18,105,561	20,984,926	1.1590	1998	18,539,874	20,715,157	1.1173
1998	14,268,041	18,959,537	1.3288	1999	14,571,535	20,747,379	1.4238
1999	8,436,587	15,143,593	1.7950	2000	8,510,389	16,547,150	1.9443
2000	2,143,202	8,940,418	4.1715	2001	1,638,107	7,336,781	4.4788
2001		1,643,117		2002		1,762,848	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - E

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL PAID LOSSES

Policy Year Valued	As of 12/31/98	As of 12/31/99	Ratio to Prior Year	Policy Year Valued	As of 12/31/99	As of 12/31/00	Ratio to Prior Year
Prior to 1979	47,917,109	48,593,589	1.0141	Prior to 1980	54,777,394	55,332,878	1.0101
1979	5,626,018	5,669,051	1.0076	1980	6,491,903	6,590,983	1.0153
1980	6,504,888	6,542,993	1.0059	1981	9,782,603	9,953,714	1.0175
1981	9,912,189	10,150,959	1.0241	1982	8,715,506	8,760,389	1.0051
1982	8,751,870	8,775,116	1.0027	1983	10,428,739	10,485,593	1.0055
1983	10,406,131	10,496,081	1.0086	1984	13,881,677	14,142,265	1.0188
1984	13,681,276	14,007,156	1.0238	1985	17,647,038	17,916,046	1.0152
1985	17,679,391	17,993,808	1.0178	1986	17,414,167	17,661,776	1.0142
1986	17,274,956	17,473,510	1.0115	1987	22,583,524	22,824,168	1.0107
1987	22,355,872	22,741,987	1.0173	1988	23,236,269	23,443,880	1.0089
1988	23,287,604	23,510,904	1.0096	1989	26,791,503	27,179,123	1.0145
1989	26,507,165	27,085,837	1.0218	1990	27,135,881	27,569,763	1.0160
1990	27,313,996	27,771,289	1.0167	1991	27,874,794	28,179,995	1.0109
1991	27,881,353	28,328,603	1.0160	1992	28,471,720	29,325,810	1.0300
1992	28,414,008	29,156,891	1.0261	1993	26,530,248	27,145,656	1.0232
1993	26,203,543	27,070,097	1.0331	1994	22,874,208	23,289,530	1.0182
1994	22,554,189	23,171,674	1.0274	1995	23,403,886	24,219,198	1.0348
1995	22,727,351	23,963,763	1.0544	1996	24,749,297	26,144,686	1.0564
1996	22,777,800	25,019,169	1.0984	1997	21,172,472	24,193,108	1.1427
1997	17,193,940	21,627,324	1.2578	1998	17,878,909	23,659,873	1.3233
1998	5,403,705	18,489,614	3.4217	1999	5,520,799	19,452,063	3.5234
1999		6,616,239		2000		3,771,593	

Policy Year Valued	As of 12/31/00	As of 12/31/01	Ratio to Prior Year	Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year
Prior to 1981	60,551,225	61,072,085	1.0086	Prior to 1982	69,939,728	70,648,978	1.0101
1981	9,732,963	9,929,276	1.0202	1982	8,540,136	8,567,941	1.0033
1982	8,523,019	8,549,819	1.0031	1983	10,385,847	10,481,587	1.0092
1983	10,287,914	10,385,917	1.0095	1984	14,239,220	14,514,629	1.0193
1984	13,957,291	14,261,614	1.0218	1985	18,067,088	18,406,578	1.0188
1985	17,857,450	18,067,088	1.0117	1986	17,671,719	17,875,236	1.0115
1986	17,502,869	17,671,719	1.0096	1987	22,995,489	23,300,676	1.0133
1987	22,678,263	22,996,017	1.0140	1988	23,738,323	24,165,810	1.0180
1988	23,481,889	23,738,323	1.0109	1989	27,189,557	27,755,998	1.0208
1989	26,813,799	27,190,969	1.0141	1990	27,346,673	27,636,336	1.0106
1990	27,110,473	27,347,222	1.0087	1991	27,868,051	28,288,406	1.0151
1991	27,624,306	27,881,588	1.0093	1992	29,980,087	30,871,174	1.0297
1992	29,250,854	30,029,358	1.0266	1993	27,618,095	27,833,846	1.0078
1993	27,103,520	27,622,499	1.0191	1994	23,823,129	24,608,813	1.0330
1994	23,284,584	23,940,387	1.0282	1995	24,799,064	25,482,118	1.0275
1995	24,219,198	24,847,048	1.0259	1996	27,015,052	28,303,480	1.0477
1996	26,144,686	27,229,505	1.0415	1997	24,681,292	26,082,037	1.0568
1997	24,316,931	25,611,155	1.0532	1998	25,287,233	26,819,509	1.0606
1998	23,647,980	25,777,484	1.0901	1999	25,307,215	28,728,878	1.1352
1999	19,453,005	26,051,199	1.3392	2000	17,677,457	25,202,562	1.4257
2000	3,771,593	18,383,409	4.8742	2001	4,426,278	17,690,227	3.9966
2001		4,451,800		2002		4,605,125	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

EXHIBIT VIII
DELAWARE COMPENSATION RATING BUREAU, INC.
RATE AND LOSS COST FORMULAE

The experience used for classification relativities for the December 1, 2003 revision will include all available risks. It is proposed that catastrophes be limited in accordance with the procedure previously employed in other Bureau filings. The experience period will be five (5) years for all classifications regardless of whether a classification might meet the full credibility requirements with less than five years of data. Credibility will be based on reported payrolls for classifications using payroll as the exposure base. For non-payroll classifications, expected losses will be used as the basis for credibility. Thus, two credibility tables will be prepared for use in the December 1, 2003 filing. The values for these respective tables will be established such that the credibilities assigned to a payroll-based classification having the same portion of total statewide expected losses and payrolls attributable to its experience using each table would be equal. All occupational disease losses will be included in the exhibit of classification experience, with the total amount of such losses by type of injury being shown on a separate line on the classification rate worksheets.

Most classifications are subject to standard procedures as described below. However, circumstances will sometimes require that some classifications' rating procedure be modified to recognize situations where the normal rating process would not be appropriate. Such classifications, and the manner in which their rates or loss costs have been derived, are separately identified within the filing material.

The calculation of assigned risk classification rates will be made in accordance with the following procedure:

- (1) Determine the pure premiums underlying present Manual Residual Market Rates by category (serious, non-serious, medical only and total) for each classification.
- (2) Adjust the present pure premiums by category (serious, non-serious, medical-only and total) to the December 1, 2003 on-rate-level to obtain present on-rate-level pure premiums.
- (3) Determine Expected Losses (serious, non-serious, medical-only and total) for each classification by multiplying the exposures from the experience period by the pure premiums underlying present Manual Rates.
- (4) Determine the indicated pure premiums (serious, non-serious, medical-only and total) from the exposures and losses from the experience period.
- (5) Test the indicated total pure premiums by multiplying the exposures of the latest three years for each classification and obtaining the total Actual Losses for all classifications combined.
- (6) Calculate Expected Losses by multiplying the present pure premiums by the exposures from the last three years for each classification and by the overall average rate change.
- (7) Obtain correction factors by category of loss (serious, non-serious and medical-only) by dividing the Expected Losses derived in (6) by the Actual Losses derived in (5).
- (8) Multiply the indicated (pre-test) pure premiums from (4) times the correction factors derived in (7) to obtain indicated (post-test) pure premiums.

RATE AND LOSS COST FORMULAE (continued)

- (9) Determine “formula” pure premiums from (2) and (8) above for each type of loss (serious, non-serious and medical-only), with credibility for each category of loss corresponding to either the amount of reported payroll (for all classifications in which payroll is the exposure base) or to the amount of Expected Losses (for all “non-payroll” classifications). Credibility weights will be taken from exhibits appearing in the Class Book. The complement of credibility is in each case to be assigned to the present on December 1, 2003 level pure premiums for each category of loss.
- (10) Select proposed total pure premiums for each classification, using the middle value from the total pure premiums derived in (2), (8) and (9) above. If the proposed pure premium selected on this basis is different from the formula pure premium derived in (9) above, partial pure premiums are to be allocated between categories (serious, non-serious and medical-only) in the same proportion as the partial pure premiums comprising the formula pure premium.
- (11) Test the proposed total pure premiums selected in (10) by multiplying by the exposures of the three latest years for each classification and obtaining the total Expected Losses for all classifications combined.
- (12) Obtain a correction factor by dividing the Expected Losses derived in (6) above by the Expected Losses derived in (11) above.
- (13) Calculate the “composite pure premium multipliers” for each industry group as the product of the following items:
 - (a) The pure premium correction factor determined in (12) above.
 - (b) The proposed experience rating plan off-balance factor (Collectible Premium Ratio).
 - (c) The inverse of the permissible loss and loss adjustment ratio.
 - (d) The estimated effect of the July 1, 2004 benefit change.
- (14) Apply the composite pure premium multiplier obtained in (13) above to the proposed total pure premiums to obtain Manual Rates.
- (15) Test to assure that the maximum departure of the Manual Rates derived in (14) above from current Manual Rates is in accordance with the following parameters:

Maximum Change in Rates:
Upward: The industry group average change plus 25% rounded to the nearest 1%.
Downward: The industry group average change minus 25% rounded to the nearest 1%.
- (16) Manual rates are to be rounded to the nearest \$.01.
- (17) Test the Manual Rates derived in (16) above to determine if balance has been achieved within 0.0005 of the indicated change in rate level by industry group. If such balance has not been achieved, calculate the necessary correction factor to adjust the composite pure premium multipliers derived in (13) above to achieve the necessary balance. Perform steps (14) through (17) iteratively until the desired balance is achieved.

RATE AND LOSS COST FORMULAE (continued)

Non reviewed Classifications

- (18) For classifications with insufficient credibility (non-reviewed classifications), an alternative calculation is used to derive indicated rates.

Insufficient credibility is defined as having five year payroll of less than that necessary to achieve 5% credibility for the non-serious component of pure premium. For non-payroll based classifications, expected losses replace payrolls.

For these non reviewed classes, the indicated rate is calculated as follows:

- a) An average loss cost using Pennsylvania loss cost values and the Delaware distribution of business by class is calculated.
- b) Classification relativities are then calculated that relate the Pennsylvania loss cost by classification to the average overall loss cost calculated in (a) above.
- c) Indicated average loss costs are calculated by class by multiplying the relativities in (b) above times the average Delaware loss cost value for all classes combined times the average manual change in rates times the indicated composite pure premium multiplier.
- d) A second indicated rate is calculated by applying the average manual change in rates by industry group to the current Delaware rate for the class.
- e) A final indicated rate, subject to capping and balancing criteria previously described, is calculated by applying one-third weight to (c) above plus two-thirds weight to (d) above.

Loss Costs

The calculation of non assigned risk classification loss costs will be made in accordance with the following procedure:

- (19) Multiply the proposed assigned risk Manual Rates by classification by the permissible loss, loss adjustment expense and loss based assessment ratio.

EXHIBIT IX

COLLECTIBLE PREMIUM RATIOS *

Manual Years 1998 to 2000 Unit Data

Manual Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
ALL INDUSTRIES			
1998	176,938,899	163,044,166	1.0852
1999	162,055,906	150,879,230	1.0741
2000	170,887,386	154,178,338	1.1084
TOTAL	509,882,191	468,101,734	1.0893
MANUFACTURING AND UTILITIES			
1998	36,362,382	30,418,819	1.1954
1999	29,884,175	26,074,343	1.1461
2000	29,309,053	25,185,139	1.1637
TOTAL	95,555,610	81,678,301	1.1699
CONTRACTING AND QUARRYING			
1998	38,679,719	34,904,467	1.1082
1999	37,096,349	32,942,215	1.1261
2000	38,341,039	33,526,221	1.1436
TOTAL	114,117,107	101,372,903	1.1257
OTHER INDUSTRIES			
1998	101,896,798	97,720,880	1.0427
1999	95,075,382	91,862,672	1.0350
2000	103,237,294	95,466,978	1.0814
TOTAL	300,209,474	285,050,530	1.0532

* Excludes classifications and coverages not subject to experience rating.

EXHIBIT X

EXPECTED LOSS RATE FACTORS

CALCULATION OF EXPECTED LOSS RATE FACTORS

Policy Year Beginning 12/1 (1)	Average Law Multiplier (2)	Adjustment Factor (3)	Loss Ratio Development Factor (4)	Expense Allowance * 1 / (PLR/CPR) (5)	Trend Factor (6)	Product (2) * (3) * (4) * (5) * (6) (7)	Expected Loss Rate Factor 1.0 / (7) (8)
<u>Manufacturing and Utilities</u>							
1999	1.0373	1.0000	1.4091	1.9113	1.2590	3.5172	0.2843
2000	1.0264	1.0000	1.6325	1.9113	1.1882	3.8053	0.2628
2001	1.0166	1.0000	1.7515	1.9113	1.1216	3.8170	0.2620
<u>Contracting and Quarrying</u>							
1999	1.0373	1.0000	1.4105	1.8391	1.2590	3.3877	0.2952
2000	1.0264	1.0000	1.5777	1.8391	1.1882	3.5386	0.2826
2001	1.0166	1.0000	1.8402	1.8391	1.1216	3.8589	0.2591
<u>Other Industries</u>							
1999	1.0373	1.0000	1.3495	1.7206	1.2590	3.0324	0.3298
2000	1.0264	1.0000	1.4787	1.7206	1.1882	3.1029	0.3223
2001	1.0166	1.0000	1.8091	1.7206	1.1216	3.5492	0.2818

* Permissible Loss Ratio = 0.6121
 Selected Collectible Premium Ratios
 Manufacturing = 1.1699
 Contracting = 1.1257
 All Other = 1.0532

Indicated Manual Rate Level
 MFG 0.9394
 Cont 0.9521
 Other 0.9552

EXHIBIT XI

**CALCULATION OF TAX MULTIPLIER FOR USE IN RETROSPECTIVE RATING PLANS
(O/T U.S.L. & H.W. Act Coverages)**

Expense Provisions for O/T U.S.L. & H.W. Classes

Losses	61.21
Loss Adjustment Expense	9.54
Loss & Loss Adjustment	70.75
Premium Discount	10.42
Acquisition	8.97
General Expenses	3.83
Profit and Contingencies	(3.57)
Taxes	2.38
Workers' Compensation Fund	4.50
Administrative Assessment	2.72
	29.25

If

- T = Tax multiplier
- E = Expense provision in rates (General, Acquisition, and Profit), less premium discount
- L = Loss provision in rates
- C = Loss conversion factor
- B = Assessments made on premiums
- A = Assessments made on losses (adjusted so as not to collect profit and general expense dollars on the extra premium generated by the assessments)

Using average discount (Schedule Y) this yields:

$$E = (0.0119) = \frac{ACQ}{0.0897} + \frac{GEN}{0.0383} + \frac{PROFIT}{(0.0357)} - \frac{PREM DISC}{0.1042}$$

$$A = 0.0457 = 0.0445 \times \frac{1 - 0.0119 - 0.0688}{1 - 0.0134 - 0.0688}$$

Then

$$T = \frac{E + L(1 + C + A)}{E + L(1 + C)} \times \frac{1}{1 - B - S}$$

$$S = \text{Delaware Insurance Plan Subsidy} = 0.0227$$

$$T = \frac{-0.0119 + 0.6121(1 + 0.1559 + 0.0457)}{-0.0119 + 0.6121(1 + 0.1559)} \times \frac{1}{1 - 0.0688 - 0.0227} = 1.1450$$

EXHIBIT XII

DELAWARE RETROSPECTIVE DEVELOPMENT FACTORS *

Retrospective development factors for first, second and third adjustments are calculated below. They are intended for use in retrospective plans with no loss limitation and applicable to the expected loss portion of premium.

First Adjustment	RDF =	0.4589
Second Adjustment	RDF =	0.3482
Third Adjustment	RDF =	0.2694

For those companies using retrospective development factors with loss limitations, the following formula may be used.

$$\text{RDF(LIM)} = (1.0 - \text{ELF}) \times \text{RDF}$$

RDF(LIM) = Retrospective Development Factors at limited basis
ELF = Excess Loss (Pure Premium) Factors exclusive of allocated loss adjustment expenses for given Hazard Group and Loss Limitation
RDF = Retrospective Development Factors without Loss Limitation

For Example:

$$\text{The \$25,000 limit Hazard Group II ELF} = 0.5320$$

$$\text{Then First Adjustment RDF} = (1 - 0.5320) \times 0.4589 = 0.2148$$

* The use of retrospective development factors is optional.