

DELAWARE COMPENSATION RATING BUREAU, INC.

Indicated Residual Market Rate Change

This exhibit shows the indicated change in overall rate level for the Delaware residual market rate and loss cost revision.

**INDICATED CHANGE IN RATE LEVEL**

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

**CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP**

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