

DELAWARE COMPENSATION RATING BUREAU, INC.

ACTUARIAL COMMITTEE

**Summary of Material for Modification of Experience
December 1, 2006 Residual Market Rate and Voluntary Market Loss Cost Revision**

As Filed

DELAWARE 2006 RESIDUAL MARKET RATE AND VOLUNTARY MARKET LOSS COST FILING

PROPOSED EFFECTIVE DATE - DECEMBER 1, 2006

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EXHIBIT I

INDICATED CHANGE IN RATE LEVEL

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1a) Policy Year 2001 Loss and Loss Adjustment Expense Ratio	0.2538	0.3451	0.5989
(1b) Policy Year 2002 Loss and Loss Adjustment Expense Ratio	0.2720	0.3955	0.6675
(1c) Policy Year 2003 Loss and Loss Adjustment Expense Ratio	0.2600	0.4131	0.6731
(1d) Policy Year 2004 Loss and Loss Adjustment Expense Ratio	0.2159	0.4030	0.6189
(1e) Average (Midpoint = 7/1/2003)	0.2504	0.3892	0.6396
(2a) Policy Year 2001 Loss and LAE Ratio Trended to 12/1/2007	0.2182	0.4055	
(2b) Policy Year 2002 Loss and LAE Ratio Trended to 12/1/2007	0.2398	0.4522	
(2c) Policy Year 2003 Loss and LAE Ratio Trended to 12/1/2007	0.2352	0.4597	
(2d) Policy Year 2004 Loss and LAE Ratio Trended to 12/1/2007	0.2004	0.4363	
(2e) Average at 12/1/2007	0.2234	0.4384	0.6618
(3a) Excess Loss Factor at \$1,725,000			0.1140
(3b) Provision for Excess Loss (4a)-(2e)			0.0852
(4a) Total Trended Loss and LAE Ratio (2e)/(1.0-(3a))	0.2326	0.5144	0.7470
(4b) Percentage of Total	31.1%	68.9%	
(5) Permissible Loss and Loss Adjustment Ratio			0.7051
(6) Indicated Change in Rates (4a) / (5)			1.0594
(7) Estimated Effect of the 7/1/07 Benefit Change			1.0074
(8) Change in Residual Market Rate Level (6) * (7)			1.0672
(9) Change in Voluntary Market Loss Costs (8) * [0.7292 / 0.7479]			1.0405

CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP

	Mfg.	Cont.	Other	Total
(10) Current Collectible Premium Ratio	1.1134	1.1205	1.0706	
(11) Proposed Collectible Premium Ratio	1.0979	1.1053	1.0489	
(12) Change in Collectible Premium Ratio (11) / (10)	0.9861	0.9864	0.9797	0.9822
(13) Change in Residual Market Manual Rate Level (8) * (12)	1.0524	1.0527	1.0455	1.0482
(14) Change in Voluntary Market Manual Loss Cost Level (9) * (12)	1.0260	1.0263	1.0194	1.0220
(15) Current Offset for Residual Market Surcharge				0.9738
(16) Proposed Offset for Residual Market Surcharge				0.9764
(17) Adjusted Change in Voluntary Market Manual Loss Cost Level (14) * (16)/(15)	1.0287	1.0290	1.0221	1.0247

EXHIBIT II
EXPENSE LOADING

	<u>Current %</u>	<u>Proposed %</u>
LOSS AND LOSS ADJUSTMENT EXPENSE		
Losses	64.65	63.32
Loss Adjustment Expense	7.64	7.19 a
Loss & Loss Adjustment	72.29	70.51
UNDERWRITING EXPENSES		
Commission	7.50	7.49
Other Acquisition	2.42	2.81
General Expenses	3.00	3.35
Premium Discount	10.81	11.05
State Premium Tax	2.00	2.00
Other State Tax	0.32	0.32
Uncollectible Premium	1.00	1.00
Administrative Assessment	2.50	2.41 b
Workers Compensation Fund	2.00	3.00
Deviations	0.00	0.00
Policyholder Dividends	0.00	0.00
Underwriting Profit	-3.84	-3.94
Underwriting Expense Total	27.71	29.49

a - As ratio to loss, Loss Adjustment Expense = 0.1135

b - As ratio to loss, Administrative Assessment = 0.0381

RESIDUAL MARKET MINIMUM PREMIUM:

It is proposed that the Minimum Premium formula be revised from $(210 * \text{Rate}) + \text{Expense Constant}$ to

$$(220 * \text{Rate}) + \text{Expense Constant}$$

It is proposed that the Minimum Premium be subject to a Maximum Minimum Premium of \$3450. It is proposed to use a multiplier of 110.00 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 \$250 to \$260.

EXHIBIT III

INTERNAL RATE OF RETURN ANALYSIS STATE OF DELAWARE - 2006 TABLE I: INPUTS, ASSUMPTIONS & OUTPUTS

Section 1: Inputs & Assumptions		
(1)	Commissions *	7.49
(2)	Other Expenses	6.48
(2A)	Other Acquisitions *	2.81
(2B)	General Expenses *	3.35
(2C)	Other Tax **	0.32
(3)	State Premium Taxes & Uncollectible Premium	
(3A)	Tax1 - Premium Tax **	2.00
(3B)	Uncollectible Premium **	1.00
(3C)	Tax3 - Workers Compensation Fund **	3.00
(4)	Premium Discount ***	11.05
(5)	Deviations	0.00
(6)	Dividends to Policyholders	0.00
(7)	Premium Written	1,000,000
Investment Income		
(8A)	Pre-Tax Return on Assets	6.46
(8B)	Investment Income Tax Rate	1.57
(8C)	Post-Tax Return on Assets	4.89
(10)	Reserve to Surplus Ratio	2.64
(11)	Internal Rate of Return (Cost of Capital)	12.00
* 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	72.92
(2)	Profit & Contingencies	-3.94

EXHIBIT IV - 1

POLICY YEAR LOSS RATIO 2004*

(1) Standard Earned Premium Reported (Table I)			144,923,812
(2) Factor to 12/1/05 Rate Level (Exhibit V-1)			1.5048
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0022
(4) Expense Constant Removal Factor			0.9963
(5) DCCPAP On-Level Factor			1.0010
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			217,970,208
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	7,845,027	24,727,882	32,572,909
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	4.5423	2.6411	
(10) Ultimate Incurred Losses (8) * (9)	35,634,466	65,308,809	100,943,275
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	22,184,989	36,857,196	59,042,185
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.0843	2.5092	
(13) Ultimate Incurred Losses (11) * (12)	46,240,173	92,482,076	138,722,249
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	40,937,320	78,895,443	119,832,763
(15) Factor to 6/7/06 Benefit Level (Exhibit V-3)	1.0323	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1135	1.1135	
(17) Adjusted Losses (14) * (15) * (16)	47,056,060	87,850,076	134,906,136
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2159	0.4030	0.6189
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4602	0.4602	
(20) Severity Ratio** (18)/(19)	0.4691	0.8757	1.3448

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

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

EXHIBIT IV - 2

POLICY YEAR LOSS RATIO 2003*

(1) Standard Earned Premium Reported (Table I)			129,588,848
(2) Factor to 12/1/05 Rate Level (Exhibit V-1)			1.4431
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9980
(4) Expense Constant Removal Factor			0.9965
(5) DCCPAP On-Level Factor			1.0010
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			186,168,405
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	16,554,918	30,113,180	46,668,098
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.3411	1.9424	
(10) Ultimate Incurred Losses (8) * (9)	38,756,719	58,491,841	97,248,560
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	29,097,968	37,348,410	66,446,378
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.5279	2.1327	
(13) Ultimate Incurred Losses (11) * (12)	44,458,785	79,652,954	124,111,739
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	41,607,752	69,072,398	110,680,150
(15) Factor to 6/7/06 Benefit Level (Exhibit V-3)	1.0446	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1135	1.1135	
(17) Adjusted Losses (14) * (15) * (16)	48,396,560	76,912,115	125,308,675
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2600	0.4131	0.6731
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5305	0.5305	
(20) Severity Ratio** (18)/(19)	0.4901	0.7787	1.2688

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

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

EXHIBIT IV - 3

POLICY YEAR LOSS RATIO 2002*

(1) Standard Earned Premium Reported (Table I)			115,668,257
(2) Factor to 12/1/05 Rate Level (Exhibit V-1)			1.5388
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9985
(4) Expense Constant Removal Factor			0.9976
(5) DCCPAP On-Level Factor			0.9982
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			176,977,658
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	22,973,613	31,307,938	54,281,551
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.7023	1.7016	
(10) Ultimate Incurred Losses (8) * (9)	39,107,981	53,273,587	92,381,568
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	32,121,747	38,845,799	70,967,546
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2963	1.8653	
(13) Ultimate Incurred Losses (11) * (12)	41,639,421	72,459,069	114,098,490
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	40,373,701	62,866,328	103,240,029
(15) Factor to 6/7/06 Benefit Level (Exhibit V-3)	1.0706	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1135	1.1135	
(17) Adjusted Losses (14) * (15) * (16)	48,130,018	70,001,656	118,131,674
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2720	0.3955	0.6675
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5516	0.5516	
(20) Severity Ratio** (18)/(19)	0.4931	0.7170	1.2101

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

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

EXHIBIT IV - 4

POLICY YEAR LOSS RATIO 2001*

(1) Standard Earned Premium Reported (Table I)				92,714,502
(2) Factor to 12/1/05 Rate Level (Exhibit V-1)				1.8370
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)				0.9975
(4) Expense Constant Removal Factor				0.9982
(5) DCCPAP On-Level Factor				0.9956
(6) Residual Market Offset Factor				1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)				168,838,772
Losses - Paid-to-20th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(8) Paid Losses Reported (Table I-D & I-E)	23,177,818	27,712,900		50,890,718
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.4436	1.5714		
(10) Ultimate Incurred Losses (8) * (9)	33,459,498	43,548,051		77,007,549
Losses - Incurred Method				
(11) Incurred Losses Reported (Table I-B & I-C)	30,513,038	35,561,679		66,074,717
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2066	1.7180		
(13) Ultimate Incurred Losses (11) * (12)	36,817,032	61,094,965		97,911,997
Losses - Average of Incurred and Paid-to-20th				
(14) Ultimate Incurred Losses ((10) + (13))/2	35,138,265	52,321,508		87,459,773
(15) Factor to 6/7/06 Benefit Level (Exhibit V-3)	1.0950	1.0000		
(16) Factor to Include Loss Adjustment Expense	1.1135	1.1135		
(17) Adjusted Losses (14) * (15) * (16)	42,843,472	58,259,999		101,103,471
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2538	0.3451		0.5989
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5434	0.5434		
(20) Severity Ratio** (18)/(19)	0.4671	0.6351		1.1022

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

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

EXHIBIT IV - 5

POLICY YEAR LOSS RATIO 2000*

(1) Standard Earned Premium Reported (Table I)			90,071,985
(2) Factor to 12/1/05 Rate Level (Exhibit V-1)			1.7471
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0006
(4) Expense Constant Removal Factor			0.9988
(5) DCCPAP On-Level Factor			0.9929
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			156,153,614
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	29,427,708	34,039,370	63,467,078
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3107	1.4869	
(10) Ultimate Incurred Losses (8) * (9)	38,570,897	50,613,139	89,184,036
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	36,744,269	44,269,154	81,013,423
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1423	1.5998	
(13) Ultimate Incurred Losses (11) * (12)	41,972,978	70,821,793	112,794,771
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	40,271,938	60,717,466	100,989,404
(15) Factor to 6/7/06 Benefit Level (Exhibit V-3)	1.1210	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1135	1.1135	
(17) Adjusted Losses (14) * (15) * (16)	50,268,782	67,608,898	117,877,680
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3219	0.4330	0.7549
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6248	0.6248	
(20) Severity Ratio** (18)/(19)	0.5152	0.6930	1.2082

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

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

EXHIBIT IV - 6

POLICY YEAR LOSS RATIO 1999*

(1) Standard Earned Premium Reported (Table I)				81,903,815
(2) Factor to 12/1/05 Rate Level (Exhibit V-2)				1.7702
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)				1.0013
(4) Expense Constant Removal Factor				0.9989
(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)				144,420,362
Losses - Paid-to-20th Method				
	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>	
(8) Paid Losses Reported (Table I-D & I-E)	25,144,028	30,374,673		55,518,701
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2320	1.4266		
(10) Ultimate Incurred Losses (8) * (9)	30,977,442	43,332,509		74,309,951
Losses - Incurred Method				
(11) Incurred Losses Reported (Table I-B & I-C)	28,559,344	35,056,346		63,615,690
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0954	1.5068		
(13) Ultimate Incurred Losses (11) * (12)	31,283,905	52,822,902		84,106,807
Losses - Average of Incurred and Paid-to-20th				
(14) Ultimate Incurred Losses ((10) + (13))/2	31,130,674	48,077,706		79,208,380
(15) Factor to 6/7/06 Benefit Level (Exhibit V-3)	1.1494	1.0000		
(16) Factor to Include Loss Adjustment Expense	1.1135	1.1135		
(17) Adjusted Losses (14) * (15) * (16)	39,842,808	53,534,526		93,377,334
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2759	0.3707		0.6466
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6845	0.6845		
(20) Severity Ratio** (18)/(19)	0.4031	0.5416		0.9447

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

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

EXHIBIT IV - 7

POLICY YEAR LOSS RATIO 1998*

(1) Standard Earned Premium Reported (Table I)			89,546,286
(2) Factor to 12/1/05 Rate Level (Exhibit V-2)			1.5365
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0009
(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)			137,532,653
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	22,217,456	26,555,804	48,773,260
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1806	1.3809	
(10) Ultimate Incurred Losses (8) * (9)	26,229,929	36,670,910	62,900,839
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	24,567,145	30,595,369	55,162,514
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0618	1.4341	
(13) Ultimate Incurred Losses (11) * (12)	26,085,395	43,876,819	69,962,214
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	26,157,662	40,273,865	66,431,527
(15) Factor to 6/7/06 Benefit Level (Exhibit V-3)	1.1769	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1135	1.1135	
(17) Adjusted Losses (14) * (15) * (16)	34,279,045	44,844,949	79,123,994
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2492	0.3261	0.5753
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7120	0.7120	
(20) Severity Ratio** (18)/(19)	0.3500	0.4580	0.8080

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

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

EXHIBIT IV - 8

POLICY YEAR LOSS RATIO 1997*

(1) Standard Earned Premium Reported (Table I)			85,085,932
(2) Factor to 12/1/05 Rate Level (Exhibit V-2)			1.6648
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(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)			142,498,556
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	25,013,775	26,464,484	51,478,259
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1448	1.3447	
(10) Ultimate Incurred Losses (8) * (9)	28,635,770	35,586,792	64,222,562
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	29,780,644	30,743,594	60,524,238
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0378	1.3767	
(13) Ultimate Incurred Losses (11) * (12)	30,906,352	42,324,706	73,231,058
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	29,771,061	38,955,749	68,726,810
(15) Factor to 6/7/06 Benefit Level (Exhibit V-3)	1.2029	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1135	1.1135	
(17) Adjusted Losses (14) * (15) * (16)	39,876,227	43,377,227	83,253,454
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2798	0.3044	0.5842
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7764	0.7764	
(20) Severity Ratio** (18)/(19)	0.3604	0.3921	0.7525

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

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

EXHIBIT IV - 9

POLICY YEAR LOSS RATIO 1996*

(1) Standard Earned Premium Reported (Table I)			82,950,962
(2) Factor to 12/1/05 Rate Level (Exhibit V-2)			1.7495
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(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)			146,626,851
Losses - Paid-to-20th Method	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	26,019,042	26,787,897	52,806,939
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1185	1.3152	
(10) Ultimate Incurred Losses (8) * (9)	29,102,298	35,231,442	64,333,740
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	28,796,272	31,677,683	60,473,955
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0209	1.3307	
(13) Ultimate Incurred Losses (11) * (12)	29,398,114	42,153,493	71,551,607
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	29,250,206	38,692,468	67,942,674
(15) Factor to 6/7/06 Benefit Level (Exhibit V-3)	1.2265	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1135	1.1135	
(17) Adjusted Losses (14) * (15) * (16)	39,947,233	43,084,063	83,031,296
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2724	0.2938	0.5662
(19) Normalized Claim Frequency (Exhibit VII-3)	0.8531	0.8531	
(20) Severity Ratio** (18)/(19)	0.3193	0.3444	0.6637

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

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

EXHIBIT IV - 10

POLICY YEAR LOSS RATIO 1995*

(1) Standard Earned Premium Reported (Table I)			79,895,894
(2) Factor to 12/1/05 Rate Level (Exhibit V-2)			1.7446
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(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)			140,538,756
Losses - Paid-to-20th Method	Indemnity	Medical	Total
(8) Paid Losses Reported (Table I-D & I-E)	23,041,978	25,091,864	48,133,842
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0984	1.2906	
(10) Ultimate Incurred Losses (8) * (9)	25,309,309	32,383,560	57,692,869
Losses - Incurred Method			
(11) Incurred Losses Reported (Table I-B & I-C)	24,820,355	28,226,098	53,046,453
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0089	1.2932	
(13) Ultimate Incurred Losses (11) * (12)	25,041,256	36,501,990	61,543,246
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	25,175,283	34,442,775	59,618,058
(15) Factor to 6/7/06 Benefit Level (Exhibit V-3)	1.2513	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1135	1.1135	
(17) Adjusted Losses (14) * (15) * (16)	35,077,290	38,352,030	73,429,320
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2496	0.2729	0.5225
(19) Normalized Claim Frequency (Exhibit VII-3)	0.9064	0.9064	
(20) Severity Ratio** (18)/(19)	0.2754	0.3011	0.5765

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

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

**EXHIBIT V - 1
POLICY YEARS 2000-2004
PREMIUM ON-LEVEL FACTORS**

<u>POLICY YEAR</u>		<u>(1) RATE CHANGE DATE</u>	<u>(2) RATE CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 12/1/05 RATE LEVEL</u>	
2004	VOL	12/01/03	BASE	0.7347 *	0.6688	0.4914		
		12/01/04	1.167	0.8574	0.0702	0.0602		
		12/01/05	1.0710	0.9183	-----	-----		
					0.7390	0.5516		
	RM	12/01/03	BASE	1.0000	1.0000	0.2388	0.2388	
		12/01/04	1.1353	1.1353	0.0222	0.0252		
		12/01/05	1.0810	1.2273	-----	-----		
					0.2610	0.2640		
						0.8156	1.5048	
	2003	VOL	12/01/02	BASE	0.7318 **	0.7076	0.5178	
12/01/03			0.9328	0.6826	0.0592	0.0404		
12/01/04			1.2499	0.8532	-----	-----		
to 12/1/05					0.7668	0.5582		
RM		12/01/02	BASE	1.0000	1.0000	0.2167	0.2167	
		12/01/03	0.9291	0.9291	0.0165	0.0153		
		12/01/04	1.2273	1.1403	-----	-----		
		to 12/1/05			0.2332	0.2320		
						0.7902	1.4431	
2002		VOL	12/01/01	BASE	0.7352 ***	0.7364	0.5414	
	12/01/02		1.0618	0.7806	0.0701	0.0547		
	12/01/03		1.1659	0.9101	-----	-----		
	to 12/1/05				0.8065	0.5961		
	RM	12/01/01	BASE	1.0000	1.0000	0.1819	0.1819	
		12/01/02	1.0667	1.0667	0.0116	0.0124		
		12/01/03	1.1402	1.2163	-----	-----		
		to 12/1/05			0.1935	0.1943		
		TOTAL				0.7904	1.5388	
	2001	VOL	12/01/99	BASE	0.7849 ****	0.2029	0.1593	
3/01/01			0.9079	0.7126	0.6285	0.4479		
12/01/01			1.1780	0.8394	0.0735	0.0617		
12/01/02			1.2379	1.0391	-----	-----		
to 12/1/05				0.9049	0.6689			
RM		12/01/99	BASE	1.0000	1.0000	0.0114	0.0114	
		3/01/01	0.8885	0.8885	0.0790	0.0702		
		12/01/01	1.2850	1.1417	0.0047	0.0054		
		37591	1.2163	1.3886	-----	-----		
to 12/1/05				0.0951	0.0870			
	TOTAL				0.7559	1.8370		
2000	VOL	12/01/99	BASE	0.7849 ****	0.9541	0.7489		
		3/01/01	0.9079	0.7126	-----	-----		
		12/01/01	1.4583	1.0392	-----	-----		
		to 12/1/05			0.9541	0.7489		
	RM	12/01/99	BASE	1.0000	1.0000	0.0459	0.0459	
		3/01/01	0.8885	0.8885	-----	-----		
		12/01/01	1.5629	1.3886	-----	-----		
		to 12/1/05			0.0459	0.0459		
		TOTAL				0.7948	1.7471	

* Loss, LAE and LBA portion of 12/1/03 rate.
 ** Loss, LAE and LBA portion of 12/1/02 rate.
 *** Loss & LAE and LBA portion of 12/1/01 rate.
 **** Loss & LAE and LBA portion of 12/1/99 rate.

EXHIBIT V - 2
POLICY YEARS 1995 - 1999
PREMIUM ON-LEVEL FACTORS

<u>POLICY YEAR</u>		<u>(1) RATE CHANGE DATE</u>	<u>(2) RATE CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>		<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 12/1/05 RATE LEVEL</u>
1999	VOL	10/01/98	BASE	0.7821	*	0.9079	0.7101	1.7702
		12/01/99	1.0086	0.7888		0.0653	0.0515	
		3/01/01	1.3240	1.0444		-----	-----	
		to 12/1/05				0.9732	0.7616	
	RM	10/01/98	BASE	1.0000		0.0260	0.0260	
		12/01/99	1.0050	1.0050		0.0008	0.0008	
		3/01/01	1.3887	1.3956		-----	-----	
		to 12/1/05				0.0268	0.0268	
		TOTAL					0.7884	
1998	VOL	8/01/97	BASE	0.7818	**	0.7905	0.6180	1.5365
		10/01/98	0.8503	0.6648		0.1615	0.1074	
		12/01/99	1.3353	0.8877		-----	-----	
		to 12/1/05				0.9520	0.7254	
	RM	8/01/97	BASE	1.0000		0.0390	0.0390	
		10/01/98	0.8500	0.8500		0.0090	0.0077	
		12/01/99	1.3956	1.1863		-----	-----	
		to 12/1/05				0.0480	0.0467	
		TOTAL					0.7721	
1997	VOL	8/01/94	BASE	0.7143	***	0.5678	0.4056	1.6648
		8/01/97	1.2236	0.8740		0.3532	0.3087	
		10/01/98	1.1354	0.9923		-----	-----	
		to 12/1/05				0.9210	0.7143	
	RM	8/01/94	BASE	1.0000		0.0510	0.0510	
		8/01/97	1.1179	1.1179		0.0280	0.0313	
		36069	1.1863	1.3262		-----	-----	
		to 12/1/05				0.0790	0.0823	
		TOTAL					0.7966	
1996	VOL	8/01/94	BASE	0.7143	***	0.8470	0.6050	1.7495
		8/01/97	1.3893	0.9924		-----	-----	
		to 12/1/05				0.8470	0.6050	
	RM	8/01/94	BASE	1.0000		0.1530	0.1530	
		8/01/97	1.3261	1.3261		-----	-----	
		to 12/1/05				0.1530	0.1530	
TOTAL					0.7580			
1995	VOL	8/01/94	BASE	0.7143	***	0.8397	0.5998	1.7446
		8/01/97	1.3893	0.9924		-----	-----	
		to 12/1/05				0.8397	0.5998	
	RM	8/01/94	BASE	1.0000		0.1603	0.1603	
		8/01/97	1.3261	1.3261		-----	-----	
		to 12/1/05				0.1603	0.1603	
TOTAL					0.7601			

* Loss & LAE and LBA portion of 10/1/98 rate.
** Loss, LAE and LBA portion of 8/1/97 rate.
*** Loss & LAE and LBA portion of 8/1/94 rate.

EXHIBIT V - 3
POLICY YEARS 1995 - 2004
INDEMNITY LOSS ON-LEVEL FACTORS

<u>POLICY YEAR</u>	<u>(1) LAW AMENDMENT DATE</u>	<u>(2) BENEFIT CHANGE</u>	<u>(3) CUM. INDEX OF COL (2)</u>	<u>(4) PORTION OF YEAR ON-LEVEL</u>	<u>(5) PRODUCT (3) * (4)</u>	<u>FACTOR TO ADJUST TO 6/7/06 BENEFIT LEVEL</u>
2004	6/04/03	BASE	1.0000	0.0767	0.0767	1.0323
	5/21/04	1.0094	1.0094	0.7627	0.7699	
	6/06/05	1.0136	1.0231	0.1606	0.1643	
	6/07/06	1.0200	1.0436	-----	-----	
				1.0000	1.0109	
2003	6/14/02	BASE	1.0000	0.0915	0.0915	1.0446
	6/04/03	1.0284	1.0284	0.7235	0.7440	
	5/21/04	1.0094	1.0381	0.1850	0.1920	
	6/06/05	1.0339	1.0733	-----	-----	
	TO 6/07/06			1.0000	1.0275	
2002	6/20/01	BASE	1.0000	0.1038	0.1038	1.0706
	6/14/02	1.0207	1.0207	0.7325	0.7477	
	6/04/03	1.0284	1.0497	0.1637	0.1718	
	5/21/04	1.0436	1.0955	-----	-----	
	TO 6/07/06			1.0000	1.0233	
2001	6/12/00	BASE	1.0000	0.1115	0.1115	1.0950
	6/20/01	1.0242	1.0242	0.7403	0.7582	
	6/14/02	1.0207	1.0454	0.1482	0.1549	
	6/04/03	1.0732	1.1219	-----	-----	
	TO 6/07/06			1.0000	1.0246	
2000	6/15/99	BASE	1.0000	0.1013	0.1013	1.1210
	6/12/00	1.0260	1.0260	0.7594	0.7791	
	6/20/01	1.0242	1.0508	0.1393	0.1464	
	6/14/02	1.0954	1.1510	-----	-----	
	TO 6/07/06			1.0000	1.0268	
1999	6/11/98	BASE	1.0000	0.1050	0.1050	1.1494
	6/15/99	1.0237	1.0237	0.7437	0.7613	
	6/12/00	1.0260	1.0503	0.1513	0.1589	
	6/20/01	1.1220	1.1784	-----	-----	
	TO 6/07/06			1.0000	1.0252	
1998	6/18/97	BASE	1.0000	0.1000	0.1000	1.1769
	6/11/98	1.0221	1.0221	0.7533	0.7699	
	6/15/99	1.0237	1.0463	0.1467	0.1535	
	6/12/00	1.1511	1.2044	-----	-----	
	TO 6/07/06			1.0000	1.0234	
1997	6/03/96	BASE	1.0000	0.1089	0.1089	1.2029
	6/18/97	1.0193	1.0193	0.7383	0.7525	
	6/11/98	1.0221	1.0418	0.1528	0.1592	
	6/15/99	1.1784	1.2277	-----	-----	
	TO 6/07/06			1.0000	1.0206	
1996	6/15/95	BASE	1.0000	0.0868	0.0868	1.2265
	6/03/96	1.0212	1.0212	0.7665	0.7827	
	6/18/97	1.0193	1.0409	0.1467	0.1527	
	6/11/98	1.2044	1.2537	-----	-----	
	TO 6/07/06			1.0000	1.0222	
1995	6/14/94	BASE	1.0000	0.1050	0.1050	1.2513
	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	1.2277	1.2734	-----	-----	
	TO 6/07/06			1.0000	1.0177	

EXHIBIT VI - 1

DEVELOPMENT FACTORS

PREMIUM

<u>Reports in Ratio</u>	<u>Calendar Years 04-05</u>	<u>Calendar Years 03-04</u>	<u>Calendar Years 02-03</u>	<u>Calendar Years 01-02</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	0.9987	0.9912	1.0184	1.0086	1.0042	1.0022
3rd to 2nd	0.9960	0.9943	1.0031	1.0047	0.9995	0.9980
4th to 3rd	0.9990	0.9982	1.0019	1.0047	1.0010	0.9985
5th to 4th	0.9969	0.9942	1.0034	0.9932	0.9969	0.9975
6th to 5th	0.9976	1.0034	0.9995	0.9966	0.9993	1.0006
7th to 6th	1.0001	0.9999	1.0022	0.9993	1.0004	1.0013
8th to 7th	1.0012	0.9999	1.0028	0.9996	1.0009	1.0009
9th to 8th	1.0006	1.0002	1.0012	0.9996	1.0000 *	1.0000
10th to 9th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
11th to 10th	1.0000	1.0001	1.0011	1.0003	1.0000 *	1.0000
12th to 11th	0.9999	1.0000	1.0003	1.0000	1.0000 *	1.0000
13th to 12th	1.0000	1.0001	1.0000	1.0000	1.0000 *	1.0000
14th to 13th	1.0002	1.0000	1.0000	1.0000	1.0000 *	1.0000
15th to 14th	1.0019	1.0000	1.0000	1.0000	1.0000 *	1.0000
16th to 15th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
17th to 16th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
18th to 17th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
19th to 18th	1.0000	1.0000	1.0000	1.0000	1.0000 *	1.0000
20th to 19th	1.0000	1.0000	1.0001	1.0000	1.0000 *	1.0000
Beyond 20th	1.0000	0.9725	1.0042	1.0000	1.0000 *	1.0000

* Selected

EXHIBIT VI - 2

DEVELOPMENT FACTORS

**INDEMNITY LOSSES
PAID METHOD - LIMITED LOSS BASIS**

Reports in Ratio		Calendar Years <u>04-05</u>	Calendar Years <u>03-04</u>	Calendar Years <u>02-03</u>	Calendar Years <u>01-02</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.8396	1.9266	2.0550	1.9393	1.9401	1.9402	4.5423
3rd to 2nd	a	1.3460	1.4028	1.3699	1.3878	1.3766	1.3753	2.3411
4th to 3rd	a	1.1676	1.2531	1.1774	1.1181	1.1791	1.1792	1.7023
5th to 4th	a	1.1054	1.0858	1.0978	1.0679	1.0892	1.1014	1.4436
6th to 5th	a	1.0648	1.0610	1.1011	1.0848	1.0779	1.0639	1.3107
7th to 6th	a	1.0494	1.0499	1.0304	1.0311	1.0402	1.0435	1.2320
8th to 7th	a	1.0610	1.0259	1.0211	1.0430	1.0378	1.0313	1.1806
9th to 8th	a	1.0167	1.0156	1.0367	1.0191	1.0220	1.0235	1.1448
10th to 9th	a	1.0151	1.0037	1.0236	1.0091	1.0129	1.0183	1.1185
11th to 10th	a	1.0196	1.0247	0.9979	1.0159	1.0145	1.0147	1.0984
12th to 11th	a	1.0189	1.0149	1.0194	1.0050	1.0146	1.0122	1.0825
13th to 12th	a	1.0098	1.0061	1.0188	1.0078	1.0106	1.0103	1.0694
14th to 13th	a	1.0085	1.0076	1.0037	1.0129	1.0082	1.0089	1.0585
15th to 14th	a	1.0106	1.0087	1.0079	1.0049	1.0080	1.0079	1.0492
16th to 15th	a	1.0041	1.0082	1.0094	1.0078	1.0074	1.0071	1.0410
17th to 16th	a	1.0114	1.0066	1.0037	1.0019	1.0059	1.0064	1.0336
18th to 17th	a	1.0036	1.0088	1.0077	1.0026	1.0057	1.0060	1.0271
19th to 18th	a	1.0100	0.9957	1.0139	1.0116	1.0078	1.0056	1.0209
20th to 19th	b	1.0145	1.0281	1.0390	1.0411	1.0307	1.0307	1.0152
Beyond 20th	c	0.9970	0.9641	0.9826	0.9962	0.9850	0.9850	0.9850

INCURRED METHOD

Reports in Ratio		Calendar Years <u>04-05</u>	Calendar Years <u>03-04</u>	Calendar Years <u>02-03</u>	Calendar Years <u>01-02</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.2947	1.2982	1.4353	1.4283	1.3641	1.3641	2.0843
3rd to 2nd	c	1.1411	1.1865	1.1388	1.2482	1.1787	1.1787	1.5279
4th to 3rd	c	1.0416	1.1181	1.0745	1.0613	1.0739	1.0743	1.2963
5th to 4th	c	1.0545	1.0799	1.0800	1.0135	1.0570	1.0563	1.2066
6th to 5th	c	1.0114	1.0409	1.0882	1.0264	1.0417	1.0428	1.1423
7th to 6th	c	1.0203	1.0602	1.0107	1.0346	1.0315	1.0317	1.0954
8th to 7th	c	1.0880	1.0076	1.0273	1.0141	1.0343	1.0231	1.0618
9th to 8th	c	1.0256	1.0052	0.9821	1.0214	1.0086	1.0166	1.0378
10th to 9th	c	0.9905	1.0031	1.0164	1.0043	1.0036	1.0119	1.0209
11th to 10th	c	1.0033	1.0142	0.9774	1.0048	0.9999	1.0084	1.0089
12th to 11th	c	1.0199	1.0111	1.0173	1.0053	1.0134	1.0058	1.0005
13th to 12th	c	1.0050	1.0104	1.0075	1.0172	1.0100	1.0040	0.9947
14th to 13th	c	0.9938	1.0152	0.9922	1.0112	1.0031	1.0026	0.9907
15th to 14th	c	0.9986	1.0015	1.0310	1.0008	1.0080	1.0016	0.9882
16th to 15th	c	1.0108	0.9961	0.9995	0.9949	1.0003	1.0010	0.9866
17th to 16th	c	1.0025	1.0031	1.0040	0.9928	1.0006	1.0005	0.9856
18th to 17th	c	0.9986	0.9978	1.0031	0.9996	0.9998	1.0002	0.9851
19th to 18th	c	0.9937	1.0134	1.0030	0.9845	0.9987	1.0000	0.9849
20th to 19th	c	0.9816	1.0040	0.9969	1.0025	0.9963	0.9999	0.9849
Beyond 20th	c	0.9970	0.9641	0.9826	0.9962	0.9850	0.9850	0.9850

- 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	1.9401	0.9401	0.9402	1.9402
3rd to 2nd	1.3766	0.3766	0.3753	1.3753
4th to 3rd	1.1791	0.1791	0.1792	1.1792
5th to 4th	1.0892	0.0892	0.1014	1.1014
6th to 5th	1.0779	0.0779	0.0639	1.0639
7th to 6th	1.0402	0.0402	0.0435	1.0435
8th to 7th	1.0378	0.0378	0.0313	1.0313
9th to 8th	1.0220	0.0220	0.0235	1.0235
10th to 9th	1.0129	0.0129	0.0183	1.0183
11th to 10th	1.0145	0.0145	0.0147	1.0147
12th to 11th	1.0146	0.0146	0.0122	1.0122
13th to 12th	1.0106	0.0106	0.0103	1.0103
14th to 13th	1.0082	0.0082	0.0089	1.0089
15th to 14th	1.0080	0.0080	0.0079	1.0079
16th to 15th	1.0074	0.0074	0.0071	1.0071
17th to 16th	1.0059	0.0059	0.0064	1.0064
18th to 17th	1.0057	0.0057	0.0060	1.0060
19th to 18th	1.0078	0.0078	0.0056	1.0056
20th to 19th *	1.0307	0.0307	0.0307	1.0307

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

$a = 0.006677 \quad b = -0.153035 \quad c = 2.474575 \quad d = -1.388043$

* Paid-Incurred 4 year average

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	1.3641	0.3641	0.3641	1.3641
3rd to 2nd	1.1787	0.1787	0.1787	1.1787
4th to 3rd	1.0739	0.0739	0.0743	1.0743
5th to 4th	1.0570	0.0570	0.0563	1.0563
6th to 5th	1.0417	0.0417	0.0428	1.0428
7th to 6th	1.0315	0.0315	0.0317	1.0317
8th to 7th	1.0343	0.0343	0.0231	1.0231
9th to 8th	1.0086	0.0086	0.0166	1.0166
10th to 9th	1.0036	0.0036	0.0119	1.0119
11th to 10th	0.9999	-0.0001	0.0084	1.0084
12th to 11th	1.0134	0.0134	0.0058	1.0058
13th to 12th	1.0100	0.0100	0.0040	1.0040
14th to 13th	1.0031	0.0031	0.0026	1.0026
15th to 14th	1.0080	0.0080	0.0016	1.0016
16th to 15th	1.0003	0.0003	0.0010	1.0010
17th to 16th	1.0006	0.0006	0.0005	1.0005
18th to 17th	0.9998	-0.0002	0.0002	1.0002
19th to 18th	0.9987	-0.0013	0.0000	1.0000
20th to 19th	0.9963	-0.0037	-0.0001	0.9999
Beyond 20th +	0.9850	-0.0150	-0.0150	0.9850

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

$a = 0.015767 \quad b = -0.701230 \quad c = 9.374505 \quad d = -36.646027 \quad e = 59.699119 \quad f = -31.378033$

+ Selected four year average

EXHIBIT VI - 4

DEVELOPMENT FACTORS

**MEDICAL LOSSES
PAID METHOD - LIMITED LOSS BASIS**

Reports in Ratio		Calendar Years <u>04-05</u>	Calendar Years <u>03-04</u>	Calendar Years <u>02-03</u>	Calendar Years <u>01-02</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.3316	1.3097	1.3811	1.4151	1.3594	1.3597	2.6411
3rd to 2nd	a	1.1567	1.1428	1.1703	1.1111	1.1452	1.1415	1.9424
4th to 3rd	a	1.0603	1.0932	1.0779	1.0568	1.0721	1.0829	1.7016
5th to 4th	a	1.0986	1.0450	1.0505	1.0596	1.0634	1.0568	1.5714
6th to 5th	a	1.0550	1.0494	1.0532	1.0350	1.0482	1.0423	1.4869
7th to 6th	a	1.0289	1.0404	1.0262	1.0258	1.0303	1.0331	1.4266
8th to 7th	a	1.0270	1.0164	1.0350	1.0317	1.0275	1.0269	1.3809
9th to 8th	a	1.0244	1.0163	1.0146	1.0238	1.0198	1.0224	1.3447
10th to 9th	a	1.0199	1.0093	1.0146	1.0232	1.0168	1.0191	1.3152
11th to 10th	a	1.0160	1.0195	1.0193	1.0172	1.0180	1.0166	1.2906
12th to 11th	a	1.0163	1.0167	1.0107	1.0118	1.0139	1.0147	1.2695
13th to 12th	a	1.0079	1.0141	1.0084	1.0156	1.0115	1.0131	1.2511
14th to 13th	a	1.0089	1.0150	1.0119	1.0116	1.0119	1.0119	1.2349
15th to 14th	a	1.0116	1.0108	1.0201	1.0076	1.0125	1.0108	1.2204
16th to 15th	a	1.0139	1.0066	1.0165	1.0107	1.0119	1.0099	1.2074
17th to 16th	a	1.0106	1.0091	1.0091	1.0062	1.0088	1.0091	1.1955
18th to 17th	a	1.0151	1.0067	1.0125	1.0072	1.0104	1.0083	1.1848
19th to 18th	a	1.0041	1.0006	1.0155	1.0086	1.0072	1.0076	1.1750
20th to 19th	b	1.0548	1.0543	1.0473	1.0256	1.0455	1.0455	1.1662
Beyond 20th	c	1.0733	1.0998	1.0931	1.1952	1.1154	1.1154	1.1154

INCURRED METHOD

Reports in Ratio		Calendar Years <u>04-05</u>	Calendar Years <u>03-04</u>	Calendar Years <u>02-03</u>	Calendar Years <u>01-02</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.1908	1.1291	1.1598	1.2264	1.1765	1.1765	2.5092
3rd to 2nd	c	1.1334	1.2081	1.1498	1.0827	1.1435	1.1434	2.1327
4th to 3rd	c	1.0671	1.1623	1.0707	1.0382	1.0846	1.0857	1.8653
5th to 4th	c	1.1202	1.0847	1.0376	1.0540	1.0741	1.0739	1.7180
6th to 5th	c	1.0504	1.0660	1.1094	1.0642	1.0725	1.0617	1.5998
7th to 6th	c	1.0536	1.0443	1.0317	1.0249	1.0386	1.0507	1.5068
8th to 7th	c	1.0210	1.0182	1.0592	1.0325	1.0327	1.0417	1.4341
9th to 8th	c	1.0583	1.0436	1.0154	1.0394	1.0392	1.0346	1.3767
10th to 9th	c	1.0153	1.0713	1.0465	1.0174	1.0376	1.0290	1.3307
11th to 10th	c	1.0267	1.0055	1.0238	1.0269	1.0207	1.0246	1.2932
12th to 11th	c	1.0412	1.0254	1.0187	1.0178	1.0258	1.0211	1.2621
13th to 12th	c	0.9926	1.0413	1.0356	1.0151	1.0212	1.0184	1.2360
14th to 13th	c	1.0050	1.0359	1.0132	1.0064	1.0151	1.0162	1.2137
15th to 14th	c	1.0056	1.0243	1.0298	1.0104	1.0175	1.0144	1.1944
16th to 15th	c	1.0141	1.0029	1.0140	1.0057	1.0092	1.0129	1.1774
17th to 16th	c	1.0006	1.0143	1.0121	0.9923	1.0048	1.0117	1.1624
18th to 17th	c	1.0045	1.0031	1.0069	1.0035	1.0045	1.0107	1.1490
19th to 18th	c	1.0147	1.0258	1.0200	1.0150	1.0189	1.0099	1.1368
20th to 19th	c	1.0098	1.0226	1.0010	1.0030	1.0091	1.0092	1.1257
Beyond 20th	c	1.0733	1.0998	1.0931	1.1952	1.1154	1.1154	1.1154

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

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	1.3594	0.3594	0.3597	1.3597
3rd to 2nd	1.1452	0.1452	0.1415	1.1415
4th to 3rd	1.0721	0.0721	0.0829	1.0829
5th to 4th	1.0634	0.0634	0.0568	1.0568
6th to 5th	1.0482	0.0482	0.0423	1.0423
7th to 6th	1.0303	0.0303	0.0331	1.0331
8th to 7th	1.0275	0.0275	0.0269	1.0269
9th to 8th	1.0198	0.0198	0.0224	1.0224
10th to 9th	1.0168	0.0168	0.0191	1.0191
11th to 10th	1.0180	0.0180	0.0166	1.0166
12th to 11th	1.0139	0.0139	0.0147	1.0147
13th to 12th	1.0115	0.0115	0.0131	1.0131
14th to 13th	1.0119	0.0119	0.0119	1.0119
15th to 14th	1.0125	0.0125	0.0108	1.0108
16th to 15th	1.0119	0.0119	0.0099	1.0099
17th to 16th	1.0088	0.0088	0.0091	1.0091
18th to 17th	1.0104	0.0104	0.0083	1.0083
19th to 18th	1.0072	0.0072	0.0076	1.0076
20th to 19th *	1.0455	0.0455	0.0455	1.0455

Y = a+b*log(x)+c*log(x)^2+d*log(x)^3+e*log(x)^4+f*log(x)^5
a = 0.359675 b = -0.484979 c = 0.320385 d = -0.125876 e = 0.027717 f = -0.002587
* Paid-Incurred 4 year average

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	1.1765	0.1765	0.1765	1.1765
3rd to 2nd	1.1435	0.1435	0.1434	1.1434
4th to 3rd	1.0846	0.0846	0.0857	1.0857
5th to 4th	1.0741	0.0741	0.0739	1.0739
6th to 5th	1.0725	0.0725	0.0617	1.0617
7th to 6th	1.0386	0.0386	0.0507	1.0507
8th to 7th	1.0327	0.0327	0.0417	1.0417
9th to 8th	1.0392	0.0392	0.0346	1.0346
10th to 9th	1.0376	0.0376	0.0290	1.0290
11th to 10th	1.0207	0.0207	0.0246	1.0246
12th to 11th	1.0258	0.0258	0.0211	1.0211
13th to 12th	1.0212	0.0212	0.0184	1.0184
14th to 13th	1.0151	0.0151	0.0162	1.0162
15th to 14th	1.0175	0.0175	0.0144	1.0144
16th to 15th	1.0092	0.0092	0.0129	1.0129
17th to 16th	1.0048	0.0048	0.0117	1.0117
18th to 17th	1.0045	0.0045	0.0107	1.0107
19th to 18th	1.0189	0.0189	0.0099	1.0099
20th to 19th	1.0091	0.0091	0.0092	1.0092
Beyond 20th +	1.1154	0.1154	0.1154	1.1154

Y = a+b/x+c/x^2+d/x^3+e/x^4+f/x^5
a = 0.007899 b = -0.242866 c = 6.379142 d = -27.001739 e = 44.161198 f = -23.127133
+ Selected four year average

EXHIBIT VII - 1

DETERMINATION OF TREND

INDEMNITY

Policy Year	1998	1999	2000	2001	2002	2003	2004
Actual Loss Ratio	0.2492	0.2759	0.3219	0.2538	0.2720	0.2600	0.2159
Normalized Frequency	0.7120	0.6845	0.6248	0.5434	0.5516	0.5305	0.4602
Severity Loss Ratio	0.3500	0.4031	0.5152	0.4671	0.4931	0.4901	0.4691
x	1	2	3	4	5	6	7
y	0.3500	0.4031	0.5152	0.4671	0.4931	0.4901	0.4691

7 Point Exponential Regression: $y = 0.379322 * 1.044746 ^ x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 12/1/07 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
2001	0.4519	0.5855	1.2956	0.6635
2002	0.4721	0.5855	1.2402	0.7111
2003	0.4933	0.5855	1.1869	0.7622
2004	0.5153	0.5855	1.1362	0.8169

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
2001	0.2538	0.8596	0.2182
2002	0.2720	0.8819	0.2398
2003	0.2600	0.9047	0.2352
2004	0.2159	0.9282	0.2004

See Exhibit VII-3 for column (4).

EXHIBIT VII - 2

DETERMINATION OF TREND

MEDICAL

Policy Year	1998	1999	2000	2001	2002	2003	2004
Actual Loss Ratio	0.3261	0.3707	0.4330	0.3451	0.3955	0.4131	0.4030
Normalized Frequency	0.7120	0.6845	0.6248	0.5434	0.5516	0.5305	0.4602
Severity Loss Ratio	0.4580	0.5416	0.6930	0.6351	0.7170	0.7787	0.8757
x	1	2	3	4	5	6	7
y	0.4580	0.5416	0.6930	0.6351	0.7170	0.7787	0.8757

7 Point Exponential Regression: $y = 0.447084 * 1.101416 ^ x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 12/1/07 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
2001	0.6580	1.1652	1.7708	0.6635
2002	0.7247	1.1652	1.6078	0.7111
2003	0.7982	1.1652	1.4598	0.7622
2004	0.8791	1.1652	1.3254	0.8169

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
2001	0.3451	1.1749	0.4055
2002	0.3955	1.1433	0.4522
2003	0.4131	1.1127	0.4597
2004	0.4030	1.0827	0.4363

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 1992, 13 = PY 2004}

Policy Year	Claim Frequency	Normalized Frequency
1992	17.08	1.0000
1993	17.94	1.0504
1994	15.41	0.9023
1995	15.48	0.9064
1996	14.57	0.8531
1997	13.26	0.7764
1998	12.16	0.7120
1999	11.69	0.6845
2000	10.67	0.6248
2001	9.28	0.5434
2002	9.42	0.5516
2003	9.06	0.5305
2004	7.86	0.4602

Policy Year	1998	1999	2000	2001	2002	2003	2004
x	1	2	3	4	5	6	7
y	0.7120	0.6845	0.6248	0.5434	0.5516	0.5305	0.4602

7 Point Exponential Regression: $y = 0.766621 * 0.932940 ^ x$

SELECTED FREQUENCY TREND FACTOR

-6.7%

Policy Year	Frequency Trend Factor (1)	# of years to 12/1/07 (2)	Frequency Trend to 12/1/07 (3) = (1)^(2)
2001	0.9330	5.9167	0.6635
2002	0.9330	4.9167	0.7111
2003	0.9330	3.9167	0.7622
2004	0.9330	2.9167	0.8169

TABLE I - LIMITED

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year	Policy Year Valued	As of 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior to 1982	287,364,238	287,364,234	1.0000	Prior to 1983	352,906,488	353,081,302	1.0005
1982	42,966,115	42,966,115	1.0000	1983	41,760,787	41,764,732	1.0001
1983	40,368,471	40,368,471	1.0000	1984	46,872,785	46,872,925	1.0000
1984	44,196,962	44,196,962	1.0000	1985	62,576,686	62,576,670	1.0000
1985	59,759,436	59,759,436	1.0000	1986	74,863,540	74,860,223	1.0000
1986	70,156,301	70,156,301	1.0000	1987	86,630,504	86,630,497	1.0000
1987	81,364,311	81,364,311	1.0000	1988	105,487,544	105,487,542	1.0000
1988	99,228,728	99,228,728	1.0000	1989	110,932,844	110,936,903	1.0000
1989	104,887,727	104,888,086	1.0000	1990	100,052,606	100,052,629	1.0000
1990	92,323,458	92,323,458	1.0000	1991	98,900,597	98,931,017	1.0003
1991	94,081,683	94,110,356	1.0003	1992	87,575,900	87,674,498	1.0011
1992	83,619,111	83,618,111	1.0000	1993	89,452,437	89,455,379	1.0000
1993	84,843,924	84,813,924	0.9996	1994	83,891,240	83,989,298	1.0012
1994	80,253,254	80,218,997	0.9996	1995	82,753,558	82,984,205	1.0028
1995	79,200,497	79,144,550	0.9993	1996	85,795,813	85,983,898	1.0022
1996	83,498,311	83,210,341	0.9966	1997	89,162,328	89,121,944	0.9995
1997	86,436,463	85,851,964	0.9932	1998	93,748,606	94,062,729	1.0034
1998	92,801,370	93,233,613	1.0047	1999	87,104,531	87,271,959	1.0019
1999	84,417,426	84,817,472	1.0047	2000	95,234,837	95,525,742	1.0031
2000	91,978,785	92,773,003	1.0086	2001	95,685,919	97,447,627	1.0184
2001	49,032,029	92,591,939	1.8884	2002	64,471,523	119,130,191	1.8478
2002		62,836,116		2003		68,187,886	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year	Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior to 1984	345,802,829	344,657,478	0.9967	Prior to 1985	413,060,533	413,060,533	1.0000
1984	41,676,205	41,676,070	1.0000	1985	58,575,281	58,575,281	1.0000
1985	55,822,104	55,822,104	1.0000	1986	70,704,731	70,704,731	1.0000
1986	66,209,998	66,209,998	1.0000	1987	81,641,777	81,641,777	1.0000
1987	76,555,162	76,555,161	1.0000	1988	98,390,813	98,390,813	1.0000
1988	92,299,777	92,299,135	1.0000	1989	103,424,622	103,424,881	1.0000
1989	97,460,913	97,461,505	1.0000	1990	92,332,754	92,509,477	1.0019
1990	85,110,911	85,109,500	1.0000	1991	90,754,264	90,774,681	1.0002
1991	86,210,356	86,219,084	1.0001	1992	82,175,363	82,173,641	1.0000
1992	78,255,565	78,254,283	1.0000	1993	84,358,200	84,353,303	0.9999
1993	79,860,765	79,865,509	1.0001	1994	79,931,772	79,932,509	1.0000
1994	76,190,720	76,193,011	1.0000	1995	79,898,700	79,895,894	1.0000
1995	76,012,052	76,023,982	1.0002	1996	82,898,226	82,950,962	1.0006
1996	79,962,377	79,953,089	0.9999	1997	84,983,458	85,085,932	1.0012
1997	83,392,165	83,387,687	0.9999	1998	89,535,493	89,546,286	1.0001
1998	88,715,716	89,021,157	1.0034	1999	82,097,211	81,903,815	0.9976
1999	81,938,037	81,465,551	0.9942	2000	90,351,644	90,071,985	0.9969
2000	89,928,724	89,763,349	0.9982	2001	92,807,519	92,714,502	0.9990
2001	92,858,059	92,330,761	0.9943	2002	116,135,753	115,668,257	0.9960
2002	116,662,957	115,631,246	0.9912	2003	129,756,751	129,588,848	0.9987
2003	67,520,849	129,330,844	1.9154	2004	73,535,538	144,923,812	1.9708
2004		73,234,361		2005		90,212,021	

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 - Individual Losses Limited to \$1,725,000 *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year	Policy Year Valued	As of 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior to 1982	179,115,633	180,600,318	1.0083	Prior to 1983	213,119,384	213,767,499	1.0030
1982	22,526,020	22,586,747	1.0027	1983	28,204,503	28,159,322	0.9984
1983	27,912,752	27,784,011	0.9954	1984	29,086,714	29,370,315	1.0098
1984	26,932,743	26,964,148	1.0012	1985	37,726,957	37,905,819	1.0047
1985	36,034,501	35,767,445	0.9926	1986	41,961,111	42,269,422	1.0073
1986	39,973,569	39,943,900	0.9993	1987	50,954,588	51,242,883	1.0057
1987	47,863,192	48,097,446	1.0049	1988	50,641,225	52,183,777	1.0305
1988	46,708,420	47,129,444	1.0090	1989	56,213,587	56,311,683	1.0017
1989	51,408,791	52,245,255	1.0163	1990	60,108,587	61,323,820	1.0202
1990	52,593,084	53,170,244	1.0110	1991	58,758,365	59,813,855	1.0180
1991	53,881,778	54,709,054	1.0154	1992	53,544,260	53,597,687	1.0010
1992	48,622,197	49,159,393	1.0110	1993	54,245,711	55,937,764	1.0312
1993	49,119,544	50,601,597	1.0302	1994	46,000,367	45,947,773	0.9989
1994	43,237,190	44,245,711	1.0233	1995	50,798,561	53,011,162	1.0436
1995	47,225,081	48,624,204	1.0296	1996	57,527,551	58,759,881	1.0214
1996	54,082,633	56,535,142	1.0453	1997	51,189,180	56,270,224	1.0993
1997	46,824,538	48,444,600	1.0346	1998	51,340,438	54,251,245	1.0567
1998	48,277,912	50,619,254	1.0485	1999	55,786,843	59,830,040	1.0725
1999	47,124,694	54,346,080	1.1532	2000	59,606,505	68,219,891	1.1445
2000	43,848,425	57,688,201	1.3156	2001	42,356,708	53,992,575	1.2747
2001	15,750,190	40,881,016	2.5956	2002	21,137,522	52,356,510	2.4769
2002		20,660,579		2003		21,082,871	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year	Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior to 1984	205,830,213	206,345,893	1.0025	Prior to 1985	255,139,284	256,234,565	1.0043
1984	25,897,252	26,198,182	1.0116	1985	36,337,977	36,115,639	0.9939
1985	33,464,524	34,089,870	1.0187	1986	39,743,120	39,834,318	1.0023
1986	38,048,980	38,047,306	1.0000	1987	48,906,391	48,961,784	1.0011
1987	45,715,250	46,079,081	1.0080	1988	49,449,442	49,530,406	1.0016
1988	45,716,677	45,677,147	0.9991	1989	51,893,584	52,535,658	1.0124
1989	46,555,784	47,116,284	1.0120	1990	57,824,296	57,927,045	1.0018
1990	48,672,925	49,879,223	1.0248	1991	55,239,448	55,201,513	0.9993
1991	50,387,739	51,669,463	1.0254	1992	50,832,723	50,756,726	0.9985
1992	46,134,870	46,991,281	1.0186	1993	54,434,296	56,092,529	1.0305
1993	50,446,470	50,943,555	1.0099	1994	44,060,061	44,754,685	1.0158
1994	40,739,476	42,304,098	1.0384	1995	52,857,873	53,046,453	1.0036
1995	49,271,893	50,507,179	1.0251	1996	58,009,848	60,473,955	1.0425
1996	56,186,974	56,920,113	1.0130	1997	57,483,932	60,524,238	1.0529
1997	53,349,453	56,109,081	1.0517	1998	53,117,267	55,162,514	1.0385
1998	49,537,749	52,238,413	1.0545	1999	61,610,444	63,615,690	1.0325
1999	56,203,329	60,839,656	1.0825	2000	74,366,526	81,013,423	1.0894
2000	64,787,212	73,930,530	1.1411	2001	62,619,838	66,074,717	1.0552
2001	52,071,067	62,375,687	1.1979	2002	62,422,701	70,967,546	1.1369
2002	52,036,029	62,423,536	1.1996	2003	53,838,991	66,446,378	1.2342
2003	21,031,161	53,756,237	2.5560	2004	23,177,155	59,042,185	2.5474
2004		23,152,032		2005		19,665,689	

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.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a.

TABLE I - B - Individual Losses Limited to \$1,725,000 *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year	Policy Year Valued	As of 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior to 1982	118,422,186	118,366,415	0.9995	Prior to 1983	139,600,754	139,288,965	0.9978
1982	14,635,874	14,672,869	1.0025	1983	17,890,731	17,835,288	0.9969
1983	17,935,958	17,657,828	0.9845	1984	17,544,991	17,597,522	1.0030
1984	16,026,449	16,019,429	0.9996	1985	21,515,500	21,582,151	1.0031
1985	20,635,379	20,486,367	0.9928	1986	24,870,384	24,971,089	1.0040
1986	23,868,343	23,746,906	0.9949	1987	29,222,016	29,206,321	0.9995
1987	27,454,702	27,477,070	1.0008	1988	27,997,703	28,864,497	1.0310
1988	25,622,475	25,909,183	1.0112	1989	30,645,618	30,407,314	0.9922
1989	28,077,575	28,560,987	1.0172	1990	32,952,141	33,200,572	1.0075
1990	28,747,648	28,900,267	1.0053	1991	30,575,256	31,103,899	1.0173
1991	28,116,307	28,251,200	1.0048	1992	26,340,636	25,746,129	0.9774
1992	23,686,756	23,789,661	1.0043	1993	27,573,604	28,025,631	1.0164
1993	25,218,436	25,758,508	1.0214	1994	22,845,297	22,436,579	0.9821
1994	21,626,292	21,931,801	1.0141	1995	24,918,330	25,598,811	1.0273
1995	23,024,475	23,820,394	1.0346	1996	28,243,014	28,545,595	1.0107
1996	26,961,402	27,673,431	1.0264	1997	24,393,744	26,544,499	1.0882
1997	22,441,476	22,745,232	1.0135	1998	23,113,206	24,961,979	1.0800
1998	21,476,674	22,793,176	1.0613	1999	25,709,091	27,625,340	1.0745
1999	20,082,168	25,066,188	1.2482	2000	28,717,673	32,704,310	1.1388
2000	19,382,732	27,683,770	1.4283	2001	17,673,786	25,366,552	1.4353
2001	5,584,879	16,992,931	3.0427	2002	7,820,979	21,778,666	2.7846
2002		7,572,410		2003		7,666,416	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year	Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior to 1984	133,872,313	133,325,262	0.9959	Prior to 1985	162,566,572	162,505,039	0.9996
1984	15,245,226	15,305,854	1.0040	1985	20,564,920	20,187,456	0.9816
1985	19,142,041	19,398,225	1.0134	1986	23,472,667	23,324,856	0.9937
1986	22,499,661	22,449,184	0.9978	1987	27,702,999	27,663,163	0.9986
1987	25,859,597	25,940,133	1.0031	1988	27,270,104	27,337,467	1.0025
1988	25,143,031	25,044,516	0.9961	1989	27,395,123	27,691,054	1.0108
1989	25,073,072	25,111,874	1.0015	1990	31,290,880	31,245,810	0.9986
1990	26,048,028	26,442,678	1.0152	1991	28,159,444	27,985,913	0.9938
1991	25,814,644	26,082,284	1.0104	1992	24,293,505	24,414,681	1.0050
1992	22,054,591	22,299,021	1.0111	1993	27,428,997	27,975,001	1.0199
1993	25,325,606	25,684,098	1.0142	1994	20,617,408	20,685,205	1.0033
1994	19,641,816	19,702,885	1.0031	1995	25,057,201	24,820,355	0.9905
1995	23,738,154	23,861,045	1.0052	1996	28,077,985	28,796,272	1.0256
1996	27,290,173	27,498,263	1.0076	1997	27,372,977	29,780,644	1.0880
1997	24,927,139	26,427,043	1.0602	1998	24,079,482	24,567,145	1.0203
1998	22,658,857	23,585,780	1.0409	1999	28,237,499	28,559,344	1.0114
1999	25,967,668	28,042,637	1.0799	2000	34,846,249	36,744,269	1.0545
2000	31,007,397	34,668,027	1.1181	2001	29,293,685	30,513,038	1.0416
2001	24,625,409	29,218,805	1.1865	2002	28,149,924	32,121,747	1.1411
2002	21,701,410	28,171,713	1.2982	2003	22,475,202	29,097,968	1.2947
2003	7,650,238	22,446,643	2.9341	2004	8,721,330	22,184,989	2.5438
2004		8,715,401		2005		6,891,522	

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.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a.

TABLE I - C - Individual Losses Limited to \$1,725,000 *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year	Policy Year Valued	As of 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior to 1982	60,693,447	62,233,903	1.0254	Prior to 1983	73,518,630	74,478,534	1.0131
1982	7,890,146	7,913,878	1.0030	1983	10,313,772	10,324,034	1.0010
1983	9,976,794	10,126,183	1.0150	1984	11,541,723	11,772,793	1.0200
1984	10,906,294	10,944,719	1.0035	1985	16,211,457	16,323,668	1.0069
1985	15,399,122	15,281,078	0.9923	1986	17,090,727	17,298,333	1.0121
1986	16,105,226	16,196,994	1.0057	1987	21,732,572	22,036,562	1.0140
1987	20,408,490	20,620,376	1.0104	1988	22,643,522	23,319,280	1.0298
1988	21,085,945	21,220,261	1.0064	1989	25,567,969	25,904,369	1.0132
1989	23,331,216	23,684,268	1.0151	1990	27,156,446	28,123,248	1.0356
1990	23,845,436	24,269,977	1.0178	1991	28,183,109	28,709,956	1.0187
1991	25,765,471	26,457,854	1.0269	1992	27,203,624	27,851,558	1.0238
1992	24,935,441	25,369,732	1.0174	1993	26,672,107	27,912,133	1.0465
1993	23,901,108	24,843,089	1.0394	1994	23,155,070	23,511,194	1.0154
1994	21,610,898	22,313,910	1.0325	1995	25,880,231	27,412,351	1.0592
1995	24,200,606	24,803,810	1.0249	1996	29,284,537	30,214,286	1.0317
1996	27,121,231	28,861,711	1.0642	1997	26,795,436	29,725,725	1.1094
1997	24,383,062	25,699,368	1.0540	1998	28,227,232	29,289,266	1.0376
1998	26,801,238	27,826,078	1.0382	1999	30,077,752	32,204,700	1.0707
1999	27,042,526	29,279,892	1.0827	2000	30,888,832	35,515,581	1.1498
2000	24,465,693	30,004,431	1.2264	2001	24,682,922	28,626,023	1.1598
2001	10,165,311	23,888,085	2.3500	2002	13,316,543	30,577,844	2.2962
2002		13,088,169		2003		13,416,455	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year	Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior to 1984	71,957,900	73,020,631	1.0148	Prior to 1985	92,572,712	93,729,526	1.0125
1984	10,652,026	10,892,328	1.0226	1985	15,773,057	15,928,183	1.0098
1985	14,322,483	14,691,645	1.0258	1986	16,270,453	16,509,462	1.0147
1986	15,549,319	15,598,122	1.0031	1987	21,203,392	21,298,621	1.0045
1987	19,855,653	20,138,948	1.0143	1988	22,179,338	22,192,939	1.0006
1988	20,573,646	20,632,631	1.0029	1989	24,498,461	24,844,604	1.0141
1989	21,482,712	22,004,410	1.0243	1990	26,533,416	26,681,235	1.0056
1990	22,624,897	23,436,545	1.0359	1991	27,080,004	27,215,600	1.0050
1991	24,573,095	25,587,179	1.0413	1992	26,539,218	26,342,045	0.9926
1992	24,080,279	24,692,260	1.0254	1993	27,005,299	28,117,528	1.0412
1993	25,120,864	25,259,457	1.0055	1994	23,442,653	24,069,480	1.0267
1994	21,097,660	22,601,213	1.0713	1995	27,800,672	28,226,098	1.0153
1995	25,533,739	26,646,134	1.0436	1996	29,931,863	31,677,683	1.0583
1996	28,896,801	29,421,850	1.0182	1997	30,110,955	30,743,594	1.0210
1997	28,422,314	29,682,038	1.0443	1998	29,037,785	30,595,369	1.0536
1998	26,878,892	28,652,633	1.0660	1999	33,372,945	35,056,346	1.0504
1999	30,235,661	32,797,019	1.0847	2000	39,520,277	44,269,154	1.1202
2000	33,779,815	39,262,503	1.1623	2001	33,326,153	35,561,679	1.0671
2001	27,445,658	33,156,882	1.2081	2002	34,272,777	38,845,799	1.1334
2002	30,334,619	34,251,823	1.1291	2003	31,363,789	37,348,410	1.1908
2003	13,380,923	31,309,594	2.3399	2004	14,455,825	36,857,196	2.5496
2004		14,436,631		2005		12,774,167	

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.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a.

TABLE I - D - Individual Losses Limited to \$1,725,000 *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY PAID LOSSES

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year	Policy Year Valued	As of 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior to 1982	111,958,877	112,602,018	1.0057	Prior to 1983	132,691,675	133,443,693	1.0057
1982	14,094,018	14,167,122	1.0052	1983	17,165,071	17,212,083	1.0027
1983	16,738,519	16,932,168	1.0116	1984	16,797,806	17,030,675	1.0139
1984	15,464,861	15,505,522	1.0026	1985	21,342,393	21,507,447	1.0077
1985	20,313,759	20,353,113	1.0019	1986	23,412,397	23,500,063	1.0037
1986	22,116,834	22,288,919	1.0078	1987	28,353,514	28,620,804	1.0094
1987	26,606,417	26,735,915	1.0049	1988	26,434,228	26,644,068	1.0079
1988	24,093,405	24,403,095	1.0129	1989	29,566,990	29,676,612	1.0037
1989	27,517,124	27,732,154	1.0078	1990	30,123,531	30,689,953	1.0188
1990	26,560,730	26,692,777	1.0050	1991	29,186,870	29,753,521	1.0194
1991	26,462,076	26,883,945	1.0159	1992	24,938,607	24,885,345	0.9979
1992	22,666,200	22,872,065	1.0091	1993	25,397,769	25,996,376	1.0236
1993	23,283,233	23,727,305	1.0191	1994	20,282,789	21,026,611	1.0367
1994	18,786,641	19,593,572	1.0430	1995	22,611,487	23,089,356	1.0211
1995	20,900,267	21,550,895	1.0311	1996	24,850,261	25,605,526	1.0304
1996	22,467,390	24,373,569	1.0848	1997	21,032,045	23,157,972	1.1011
1997	18,399,865	19,649,833	1.0679	1998	19,680,967	21,606,609	1.0978
1998	17,388,975	19,441,949	1.1181	1999	19,438,805	22,887,618	1.1774
1999	13,712,938	19,030,901	1.3878	2000	16,182,792	22,168,678	1.3699
2000	8,064,930	15,640,290	1.9393	2001	7,093,519	14,577,051	2.0550
2001	1,497,166	6,857,119	4.5801	2002	1,851,751	8,915,146	4.8144
2002		1,808,399		2003		2,042,555	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year	Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior to 1984	128,577,530	129,161,960	1.0045	Prior to 1985	156,762,964	157,267,976	1.0032
1984	14,887,921	14,866,513	0.9986	1985	19,899,106	19,963,007	1.0032
1985	19,113,401	19,030,734	0.9957	1986	22,249,036	22,470,484	1.0100
1986	21,071,964	21,257,877	1.0088	1987	27,229,061	27,326,701	1.0036
1987	25,426,547	25,595,318	1.0066	1988	25,283,015	25,571,566	1.0114
1988	22,972,269	23,160,945	1.0082	1989	26,728,236	26,839,117	1.0041
1989	24,610,976	24,824,628	1.0087	1990	27,556,036	27,847,206	1.0106
1990	23,831,628	24,013,236	1.0076	1991	26,728,520	26,954,617	1.0085
1991	24,514,268	24,663,299	1.0061	1992	23,554,265	23,786,143	1.0098
1992	21,337,476	21,655,218	1.0149	1993	25,605,496	26,088,614	1.0189
1993	23,344,072	23,919,666	1.0247	1994	19,233,042	19,610,887	1.0196
1994	18,452,937	18,521,159	1.0037	1995	22,698,926	23,041,978	1.0151
1995	21,267,784	21,598,914	1.0156	1996	25,591,105	26,019,042	1.0167
1996	24,447,168	25,081,032	1.0259	1997	23,576,568	25,013,775	1.0610
1997	21,622,996	22,701,938	1.0499	1998	21,172,266	22,217,456	1.0494
1998	19,637,970	20,836,227	1.0610	1999	23,614,434	25,144,028	1.0648
1999	21,632,522	23,487,784	1.0858	2000	26,621,557	29,427,708	1.1054
2000	21,126,228	26,473,250	1.2531	2001	19,850,273	23,177,818	1.1676
2001	14,115,305	19,801,294	1.4028	2002	17,068,347	22,973,613	1.3460
2002	8,858,352	17,066,709	1.9266	2003	8,999,019	16,554,918	1.8396
2003	2,030,967	8,983,336	4.4232	2004	1,940,901	7,845,027	4.0420
2004		1,938,227		2005		1,888,478	

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.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a.

TABLE I - E - Individual Losses Limited to \$1,725,000 *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL PAID LOSSES

Policy Year Valued	As of 12/31/01	As of 12/31/02	Ratio to Prior Year	Policy Year Valued	As of 12/31/02	As of 12/31/03	Ratio to Prior Year
Prior to 1982	57,983,322	58,419,120	1.0075	Prior to 1983	69,752,454	70,381,864	1.0090
1982	7,716,254	7,744,924	1.0037	1983	9,857,353	9,923,349	1.0067
1983	9,598,667	9,681,095	1.0086	1984	11,266,236	11,441,040	1.0155
1984	10,607,794	10,683,931	1.0072	1985	16,034,073	16,233,735	1.0125
1985	15,051,151	15,144,003	1.0062	1986	16,632,879	16,783,699	1.0091
1986	15,572,627	15,739,146	1.0107	1987	20,480,034	20,818,741	1.0165
1987	19,244,690	19,391,725	1.0076	1988	22,335,108	22,783,128	1.0201
1988	20,688,558	20,927,754	1.0116	1989	24,791,802	25,086,614	1.0119
1989	22,587,709	22,940,202	1.0156	1990	26,005,667	26,222,881	1.0084
1990	23,089,341	23,360,684	1.0118	1991	26,688,251	26,974,640	1.0107
1991	24,547,590	24,968,655	1.0172	1992	26,241,254	26,748,342	1.0193
1992	23,871,703	24,424,636	1.0232	1993	25,145,051	25,511,811	1.0146
1993	22,983,803	23,530,040	1.0238	1994	21,643,783	21,960,664	1.0146
1994	20,164,261	20,802,623	1.0317	1995	24,042,335	24,883,592	1.0350
1995	22,458,108	23,037,914	1.0258	1996	25,837,892	26,513,888	1.0262
1996	24,565,186	25,425,574	1.0350	1997	24,356,512	25,651,560	1.0532
1997	22,055,809	23,370,922	1.0596	1998	25,252,269	26,527,541	1.0505
1998	23,604,039	24,944,572	1.0568	1999	26,885,800	28,980,496	1.0779
1999	23,560,234	26,177,144	1.1111	2000	25,346,289	29,663,367	1.1703
2000	17,385,678	24,602,114	1.4151	2001	17,209,809	23,768,539	1.3811
2001	4,093,312	16,559,202	4.0454	2002	4,850,723	20,851,497	4.2986
2002		4,780,055		2003		6,321,053	

Policy Year Valued	As of 12/31/03	As of 12/31/04	Ratio to Prior Year	Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year
Prior to 1984	68,227,089	68,720,116	1.0072	Prior to 1985	86,669,611	87,417,889	1.0086
1984	10,331,609	10,381,877	1.0049	1985	15,100,731	15,161,133	1.0040
1985	14,308,167	14,316,110	1.0006	1986	15,807,994	15,872,809	1.0041
1986	15,034,686	15,135,663	1.0067	1987	19,920,068	20,220,568	1.0151
1987	18,697,007	18,866,692	1.0091	1988	21,679,297	21,909,378	1.0106
1988	20,085,678	20,218,366	1.0066	1989	23,190,276	23,511,908	1.0139
1989	20,918,770	21,144,334	1.0108	1990	24,079,711	24,357,891	1.0116
1990	21,067,960	21,384,283	1.0150	1991	24,751,675	24,971,819	1.0089
1991	22,935,893	23,258,850	1.0141	1992	25,241,685	25,440,883	1.0079
1992	23,062,374	23,448,444	1.0167	1993	24,955,539	25,361,718	1.0163
1993	22,847,176	23,293,228	1.0195	1994	20,647,916	20,978,298	1.0160
1994	19,623,250	19,806,477	1.0093	1995	24,602,707	25,091,864	1.0199
1995	23,150,074	23,528,364	1.0163	1996	26,149,017	26,787,897	1.0244
1996	25,229,069	25,642,155	1.0164	1997	25,768,124	26,464,484	1.0270
1997	24,386,912	25,373,245	1.0404	1998	25,809,932	26,555,804	1.0289
1998	24,285,275	25,483,968	1.0494	1999	28,790,397	30,374,673	1.0550
1999	27,165,421	28,389,092	1.0450	2000	30,985,028	34,039,370	1.0986
2000	28,125,001	30,745,534	1.0932	2001	26,137,452	27,712,900	1.0603
2001	22,739,753	25,985,969	1.1428	2002	27,066,632	31,307,938	1.1567
2002	20,650,570	27,045,678	1.3097	2003	22,613,442	30,113,180	1.3316
2003	6,309,157	22,576,761	3.5784	2004	5,722,083	24,727,882	4.3215
2004		5,708,993		2005		6,045,922	

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.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a.

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

The experience used for classification relativities for the December 1, 2006 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, 2006 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, 2006 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, 2006 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, 2007 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 2001 to 2003 Unit Data

Manual Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
ALL INDUSTRIES			
2001	173,110,436	161,189,881	1.0740
2002	199,719,988	185,902,045	1.0743
2003	225,166,036	212,509,365	1.0596
TOTAL	597,996,460	559,601,291	1.0686
MANUFACTURING AND UTILITIES			
2001	30,011,321	27,313,655	1.0988
2002	33,270,314	30,450,547	1.0926
2003	37,099,295	33,662,319	1.1021
TOTAL	100,380,930	91,426,521	1.0979
CONTRACTING AND QUARRYING			
2001	37,892,551	34,440,876	1.1002
2002	41,232,645	36,960,849	1.1156
2003	49,550,773	45,018,536	1.1007
TOTAL	128,675,969	116,420,261	1.1053
OTHER INDUSTRIES			
2001	105,206,564	99,435,350	1.0580
2002	125,217,029	118,490,649	1.0568
2003	138,515,968	133,828,510	1.0350
TOTAL	368,939,561	351,754,509	1.0489

* Excludes classifications and coverages not subject to experience rating.

EXHIBIT X

EXPECTED LOSS RATE FACTORS

CALCULATION OF EXPECTED LOSS RATE FACTOR

Policy Year Beginning 12/1	Average Law Multiplier	Adjustment Factor	Loss Ratio Development Factor	Expense Allowance ** 1 / (PLR/CPR)	Trend Factor	Product (2) * (3) * (4) * (5) * (6)	Expected Loss Rate Factor 1.0 / (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<u>Manufacturing and Utilities</u>							
2002	1.0209	1.0000	1.9857	1.7339	1.3499	4.7448	0.2108
2003	1.0174	1.0000	2.3171	1.7339	1.2511	5.1139	0.1955
2004	1.0134	1.0000	2.8814	1.7339	1.1602	5.8741	0.1702
<u>Contracting and Quarrying</u>							
2002	1.0209	1.0000	2.0297	1.7456	1.3499	4.8827	0.2048
2003	1.0174	1.0000	2.4441	1.7456	1.2511	5.4306	0.1841
2004	1.0134	1.0000	2.9425	1.7456	1.1602	6.0391	0.1656
<u>Other Industries</u>							
2002	1.0209	1.0000	1.8564	1.6565	1.3499	4.2379	0.2360
2003	1.0174	1.0000	2.2516	1.6565	1.2511	4.7475	0.2106
2004	1.0134	1.0000	2.9428	1.6565	1.1602	5.7315	0.1745

** Permissible Loss Ratio = 0.6332
 Selected Collectible Premium Ratio
 Manufacturing = 1.0979
 Contracting = 1.1053
 All Other = 1.0489

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	63.32
Loss Adjustment Expense	7.19
Loss & Loss Adjustment	<u>70.51</u>
Premium Discount	11.05
Acquisition	10.30
General Expenses	3.35
Profit and Contingencies	(3.94)
Taxes	2.32
Uncollectible Premium	1.00
Workers' Compensation Fund	3.00
Administrative Assessment	<u>2.41</u>
	29.49

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:

$$E = (0.0134) = \frac{ACQ}{0.1030} + \frac{GEN}{0.0335} + \frac{PROFIT}{(0.0394)} - \frac{PREM DISC}{0.1105}$$

$$A = 0.0396 = 0.0381 \times \frac{1 - 0.0134 - 0.0632}{1 - 0.0227 - 0.0632}$$

Then

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

$$S = \text{Delaware Insurance Plan Subsidy} = 0.0077$$

$$T = \frac{-0.0134 + 0.6332(1 + 0.1135 + 0.0396)}{-0.0134 + 0.6332(1 + 0.1135)} \times \frac{1}{1 - 0.0632 - 0.0077} = 1.1153$$

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 =	0.6601
Second Adjustment	RDF =	0.5676
Third Adjustment	RDF =	0.4783

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:

$$\text{Suppose the \$25,000 limit Hazard Group II ELF} = 0.6790$$

$$\text{Then the First Adjustment RDF } (1 - 0.6790) * 0.6601 = 0.2119$$

* The use of retrospective development factors is optional.