

DELAWARE COMPENSATION RATING BUREAU, INC.

Excess Loss Ratios and Loss Limitations

Page 1 shows the calculation of the excess loss ratio consistent with a loss limitation of \$1,725,000 per claim in the current filing. Excess ratios, prior to adjustments for expense and risk load, are weighted with standard premiums by hazard group to get an average excess ratio of 0.1140.

Page 2 shows periods when excess loss factors have been revised dating back to 1981. Also shown are loss limits consistent with an excess loss ratio of 0.0757 for those filings, the 0.0757 ratio corresponding to a loss limit of \$1,500,000 effective with the December 1, 2004 filing when a limited loss approach was first introduced. An exponential curve fit to the loss limitations showed an average annual change of 7.11% in loss limits.

Page 3 shows the calculation of loss limits by policy year tied to a limit of \$1,725,000 for policies effective during the twelve months beginning December 1, 2006 and with an underlying annual change in the loss limit of 7.11% per year.

**Delaware December 1, 2006 Rate & Loss Cost Filing
Average Excess Ratio for Losses Limited at \$1,725,000**

Hazard Group	Standard Earned Premium *	Average Excess Ratio ** \$1,725,000
I	42,803,409	0.0743
II	262,652,980	0.0883
III	222,985,242	0.1354
IV	56,261,452	0.1791
TOTAL	584,703,083	0.1140

* Exhibit 17-A, page 2, exhibit I - three year premiums

** Exhibit 17-A, pages exhibits VIII a-d, column (1)
before adjustment for PLR and risk load

**Delaware December 1, 2006 Rate & Loss Cost Filing
Loss Limitations for Excess Loss Factor = .0757**

Effective Date	Time (t)	Loss Limit at ELF = 0.0757
3/1/1981	1.0000	204,563
2/1/1988	7.9167	457,840
8/1/1994	14.4167	841,596
8/1/1997	17.4167	852,441
10/1/1998	18.5833	650,000
12/1/1999	19.7500	655,000
3/1/2001	21.0000	681,000
12/1/2001	21.7500	685,000
12/1/2002	22.7500	781,000
12/1/2003	23.7500	1,081,000
12/1/2004	24.7500	1,500,000
12/1/2005	25.7500	2,116,000

Annual Trend = .0711

**Delaware December 1, 2006 Rate & Loss Cost Filing
Calculation of Policy Year Loss Limitations**

Annual Trend Factor (f) = 0.0711

Policy Year Begin 1/1	Midpoint	Time (t)	Trend Factor (1+f)^t	Ratio to t = 22.9167	Loss Limit ratio * 1,500,000
1983	01/01/84	1	1.071100	0.221935	332,903
1984	01/01/85	2	1.147255	0.237715	356,573
1985	01/01/86	3	1.228825	0.254617	381,926
1986	01/01/87	4	1.316195	0.272720	409,080
1987	01/01/88	5	1.409776	0.292110	438,165
1988	01/01/89	6	1.510011	0.312879	469,319
1989	01/01/90	7	1.617373	0.335125	502,688
1990	01/01/91	8	1.732368	0.358952	538,428
1991	01/01/92	9	1.855539	0.384473	576,710
1992	01/01/93	10	1.987468	0.411809	617,714
1993	01/01/94	11	2.128777	0.441089	661,634
1994	01/01/95	12	2.280133	0.472450	708,675
1995	01/01/96	13	2.442251	0.506041	759,062
1996	01/01/97	14	2.615895	0.542020	813,030
1997	01/01/98	15	2.801885	0.580558	870,837
1998	01/01/99	16	3.001099	0.621836	932,754
1999	01/01/00	17	3.214477	0.666049	999,074
2000	01/01/01	18	3.443026	0.713405	1,070,108
2001	01/01/02	19	3.687826	0.764128	1,146,192
2002	01/01/03	20	3.950030	0.818457	1,227,686
2003	01/01/04	21	4.230877	0.876649	1,314,974
2004	01/01/05	22	4.531692	0.938979	1,408,469
2005	01/01/06	23	4.853896	1.005740	1,508,610
Policy Year					
Begin 12/1	Midpt				
2004	12/01/05	22.9167	4.826203	1.000000	1,500,000
2005	12/01/06	23.9167	5.169346	1.071100	1,606,650
2006	12/01/07	24.9167	5.536887	1.147255	1,720,883
					1,725,000 (Selected)