

DELAWARE COMPENSATION RATING BUREAU, INC.

Delaware Workplace Safety Program and Merit Rating Plan

Effective July 1, 1999, a revised Workplace Safety Program was introduced in the State of Delaware. All experience rated risks are eligible to participate, removing the previously imposed upper limit of \$60,000. The credit is equal to 20% of the complement of their experience rating plan credibility. Page 29.1 shows Workplace Safety Program data for eligible and participating risks under the new program.

Also effective July 1, 1999, a Merit Rating Plan was established in the State of Delaware. This Plan is for risks not eligible for Experience Rating. In order to qualify for a Merit Rating discount, a risk must have no indemnity claims during the last three completed policy periods. The program is revenue neutral with one indemnity claim and the risk receives a surcharge for two or more indemnity claims.

Page 29.2 shows the surcharge to manual residual market rates and voluntary market loss costs for the Merit Rating Plan and Workplace Safety Program.

**DELAWARE COMPENSATION RATING BUREAU, INC.**

**DELAWARE WORKPLACE SAFETY PROGRAM  
RATING YEAR 2006**

| Policy Size |           | Participating |             |           |          | Eligible |             | % Participating |       |
|-------------|-----------|---------------|-------------|-----------|----------|----------|-------------|-----------------|-------|
| From        | To        | # Risks       | Std Premium | Credit    | % Credit | # Risks  | Std Premium | # Risks         | SEP   |
| 3,161       | 5,000     | 40            | 159,753     | 30,352    | 19.0%    | 1,351    | 5,402,025   | 3.0%            | 3.0%  |
| 5,001       | 7,500     | 94            | 582,235     | 110,618   | 19.0%    | 1,111    | 6,841,369   | 8.5%            | 8.5%  |
| 7,501       | 10,000    | 75            | 639,989     | 121,366   | 19.0%    | 737      | 6,377,474   | 10.2%           | 10.0% |
| 10,001      | 12,500    | 84            | 949,614     | 177,451   | 18.7%    | 580      | 6,486,331   | 14.5%           | 14.6% |
| 12,501      | 15,000    | 58            | 797,690     | 147,033   | 18.4%    | 365      | 4,983,268   | 15.9%           | 16.0% |
| 15,001      | 17,500    | 67            | 1,088,476   | 197,606   | 18.2%    | 357      | 5,784,636   | 18.8%           | 18.8% |
| 17,501      | 20,000    | 54            | 1,010,572   | 180,927   | 17.9%    | 265      | 4,971,014   | 20.4%           | 20.3% |
| 20,001      | 25,000    | 108           | 2,408,131   | 422,810   | 17.6%    | 385      | 8,616,493   | 28.1%           | 27.9% |
| 25,001      | 30,000    | 94            | 2,568,834   | 438,817   | 17.1%    | 272      | 7,432,325   | 34.6%           | 34.6% |
| 30,001      | 35,000    | 69            | 2,223,462   | 369,901   | 16.6%    | 198      | 6,391,431   | 34.8%           | 34.8% |
| 35,001      | 40,000    | 52            | 1,934,628   | 313,800   | 16.2%    | 158      | 5,883,678   | 32.9%           | 32.9% |
| 40,001      | 45,000    | 51            | 2,167,597   | 342,275   | 15.8%    | 132      | 5,606,851   | 38.6%           | 38.7% |
| 45,001      | 50,000    | 37            | 1,755,583   | 272,648   | 15.5%    | 108      | 5,115,264   | 34.3%           | 34.3% |
| 50,001      | 55,000    | 36            | 1,892,025   | 284,754   | 15.1%    | 94       | 4,957,372   | 38.3%           | 38.2% |
| 55,001      | 60,000    | 19            | 1,090,326   | 160,980   | 14.8%    | 63       | 3,621,173   | 30.2%           | 30.1% |
| 60,001      | 70,000    | 61            | 3,949,909   | 567,540   | 14.4%    | 146      | 9,398,349   | 41.8%           | 42.0% |
| 70,001      | 80,000    | 44            | 3,273,301   | 451,819   | 13.8%    | 111      | 8,291,885   | 39.6%           | 39.5% |
| 80,001      | 90,000    | 41            | 3,452,777   | 453,313   | 13.1%    | 86       | 7,302,697   | 47.7%           | 47.3% |
| 90,001      | 100,000   | 30            | 2,853,641   | 366,842   | 12.9%    | 72       | 6,842,391   | 41.7%           | 41.7% |
| 100,001     | 200,000   | 131           | 18,513,004  | 1,978,266 | 10.7%    | 343      | 48,054,829  | 38.2%           | 38.5% |
| 200,001     | 300,000   | 42            | 10,171,420  | 872,165   | 8.6%     | 102      | 24,748,188  | 41.2%           | 41.1% |
| 300,001     | 400,000   | 14            | 5,009,469   | 336,876   | 6.7%     | 43       | 15,068,757  | 32.6%           | 33.2% |
| 400,001     | 500,000   | 11            | 4,870,545   | 319,740   | 6.6%     | 28       | 12,248,950  | 39.3%           | 39.8% |
| 500,001     | 1,000,000 | 12            | 7,484,612   | 346,021   | 4.6%     | 53       | 37,097,170  | 22.6%           | 20.2% |
| 1,000,001   | & higher  | 2             | 2,111,722   | 52,863    | 2.5%     | 34       | 63,828,583  | 5.9%            | 3.3%  |
| 3,161       | 60,000    | 938           | 21,268,915  | 3,571,338 | 16.8%    | 6,176    | 88,470,704  | 15.2%           | 24.0% |
| 60,001      | & higher  | 388           | 61,690,400  | 5,745,445 | 9.3%     | 1,018    | 232,881,799 | 38.1%           | 26.5% |
| Grand Total |           | 1,326         | 82,959,315  | 9,316,783 | 11.2%    | 7,194    | 321,352,503 | 18.4%           | 25.8% |

Average Credit - All Eligible Risks

**2.90%**

**Delaware Compensation Rating Bureau, Inc.**

**Offset for Merit Rating Plan and Workplace Safety Program - December 1, 2007**

| <b>Risk Type</b>                      | <b>Manual<br/>Premium</b> | <b>Merit Rating<br/>Adjustment</b> | <b>%</b> | <b>Workplace Safety<br/>Adjustment</b> | <b>%</b> | <b>Combined<br/>Adjustment</b> | <b>%</b>       |
|---------------------------------------|---------------------------|------------------------------------|----------|--|----------|--------------------------------|----------------|
| <b>Non-Rated Risks</b>                |                           |                                    |          |  |          |                                |                |
| 1. Not Qualified for MRP              | 8,273,436                 | -                                  | 0.00%    |  |          | -                              | 0.00%          |
| 2. Qualified for MRP Discount         | 8,395,239                 | (419,914)                          | -5.00%   |  |          | (419,914)                      | -5.00%         |
| 3. Qualified for MRP No Adjustment    | 897,828                   | -                                  | 0.00%    |  |          | -                              | 0.00%          |
| 4. Qualified for MRP Surcharge        | 393,345                   | 19,671                             | 5.00%    |  |          | 19,671                         | 5.00%          |
| Total Non-Rated Risks                 | 17,959,848                | (400,243)                          | -2.23%   |  |          | (400,243)                      | -2.23%         |
| <b>Experience Rated Risks</b>         | 209,975,939               |                                    |          | (6,089,302)                            | -2.90%   | (6,089,302)                    | -2.90%         |
| <b>All Risks</b>                      | 227,935,787               | (400,243)                          | -0.18%   | (6,089,302)                            | -2.67%   | (6,489,545)                    | -2.85%         |
| <b>Adjustment to Manual Premium *</b> |                           |                                    |          |  |          |                                | <b>2.93% *</b> |

\* .0293 = 227,935,787 / (227,935,787-6,489,545) - 1.0