

DELAWARE COMPENSATION RATING BUREAU, INC.  
F CLASS FILING

Calculation of Expected Loss Rate Factors

The attached exhibit contains Expected Loss Rate Factors. They are applied to residual market rates by classification to produce Table A (Expected Loss Factors) which are the basis for the calculation of Expected Losses in the Experience Rating Plan.

**CALCULATION OF EXPECTED LOSS RATE FACTORS**

<b>Policy Year Beginning 10/1</b>	<b>Average Law Multiplier</b>	<b>Adjust- ment Factor</b>	<b>Loss Ratio Development Factor</b>	<b>Expense Allowance 1.0 / (PLR/CPR)</b>	<b>Trend Factor</b>	<b>Product (2) * (3) * (4) * (5) * (6)</b>	<b>Expected Loss Rate Factor 1.0 / (7)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>
2004	1.0023	1.0000	0.9810	1.8546	1.0000	1.8235	0.5484
2005	1.0019	1.0000	0.9879	1.8546	1.0000	1.8356	0.5448
2006	1.0015	1.0000	1.9841	1.8546	1.0000	3.6852	0.2714
<b>Average of (8):</b>							<b>0.4549</b>