

DELAWARE COMPENSATION RATING BUREAU, INC.
F CLASS FILING

ANALYSIS OF EXPERIENCE

The following pages present an analysis of Delaware “F” class experience. The analysis is based on data reported to the Bureau under the Unit Statistical Plan.

Reported Premium and Losses - Pages 1 and 2 present reported standard earned premiums and incurred losses by policy year separately for indemnity (page 1) and medical (page 2). Losses are shown through 10th report which is the latest report currently available under the Unit Statistical Plan.

Indicated Loss Development Factors - Page 3 (indemnity) and page 4 (medical) show age-to-age development factors based on reported losses. An average based on all available data points was calculated and formed the basis for the factors ultimately selected. The process for calculation of selected loss development factors and a tail factor are shown on pages 5 and 6. Factors to ultimate are calculated by compounding the age-to-age and 10th-to-ultimate factors.

Selected Loss Development Factors - Pages 5 (indemnity) and page 6 (medical) show the derivation of selected age-to-age and 10th-to-ultimate development factors. The residuals of all years available average indicated age-to-age development factors from pages 3 and 4 were fitted to a curve of the form $y = a * (1 + x)^b$ for indemnity and $y = a + b * \log(x) / x$ for medical. A value of 1.0000 was selected from 8th to 9th, 9th to 10th and 10th to 11th for medical to ensure a more reasonable shape for the final fitted curve. These factors became the “selected” values on pages 3 and 4.

Loss Ratios - Indemnity and medical ultimate loss ratios are calculated on page 7.

Graphs - Indemnity, medical and total ultimate loss ratio graphs for policy years 1996 through 2005 are shown on page 8.

Trend Summary - An analysis of loss ratio trend is summarized on page 9. Linear trend lines were used to project trended loss ratios for indemnity and medical using combinations of policy years ranging from four to ten points. Exponential curves were also considered but the lack of data points left the results meaningless. Five year average loss ratios, and 0% annual trend, were selected for both indemnity and medical losses. The resulting trended loss ratios are 81.69% for indemnity and 37.89% for medical.

DELAWARE COMPENSATION RATING BUREAU
"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE
REPORTED STANDARD EARNED PREMIUM AND INDEMNITY INCURRED LOSSES

Policy Year	Standard Earned Premium	Reported Indemnity Incurred Losses									
		Report Level									
		1	2	3	4	5	6	7	8	9	10
92	56,087	95,532	127,989	150,623	150,624	132,476	132,476	132,476	132,476	132,476	132,476
93	62,218	0	0	0	0	0	0	0	0	0	0
94	165,218	0	0	0	0	0	0	0	0	0	0
95	180,644	79,814	622,787	622,787	83,681	83,681	83,681	83,681	83,681	83,681	83,681
96	1,320,294	244,297	187,592	149,250	143,642	139,346	139,347	139,347	139,347	139,347	139,347
97	889,932	157,409	165,047	150,694	150,694	150,695	150,695	150,695	150,695	150,695	150,695
98	266,646	193,633	255,825	6,842	6,842	6,842	6,842	6,842	6,842	6,842	6,842
99	122,888	255,451	0	0	0	0	0	0	0	0	0
00	729,382	98,351	93,587	116,565	240,363	240,363	240,363				
01	1,682,660	348,057	348,057	356,873	401,561	402,101					
02	350,922	131,206	459,669	322,613	543,103						
03	362,857	79,831	55,340	54,887							
04	98,094	19,831	78,278								
05	58,268	28,679									

DELAWARE COMPENSATION RATING BUREAU
"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE
REPORTED STANDARD EARNED PREMIUM AND MEDICAL INCURRED LOSSES

Policy Year	Standard Earned Premium	Reported Medical Incurred Losses									
		Report Level									
		1	2	3	4	5	6	7	8	9	10
92	56,087	51,599	78,320	86,078	86,079	80,465	80,465	80,465	80,465	80,465	80,465
93	62,218	0	0	0	0	0	0	0	0	0	0
94	165,218	0	0	0	0	0	0	0	0	0	0
95	180,644	51,473	53,941	54,788	54,239	54,260	54,830	54,830	54,830	54,830	54,830
96	1,320,294	101,206	96,782	88,831	98,433	92,113	92,113	92,113	92,113	92,113	92,113
97	889,932	98,501	94,212	71,469	71,469	66,156	66,156	67,156	66,156	66,156	66,156
98	266,646	94,774	86,408	16,256	10,112	10,112	10,112	10,112	10,112	10,112	10,112
99	122,888	156,937	0	0	0	0	0	0	0	0	0
00	729,382	35,653	36,434	42,765	36,948	36,948	36,948	36,948	36,948	36,948	36,948
01	1,682,660	142,049	142,049	113,298	117,610	115,610	115,610	115,610	115,610	115,610	115,610
02	350,922	100,036	154,749	160,531	186,133	186,133	186,133	186,133	186,133	186,133	186,133
03	362,857	55,147	50,531	42,175	42,175	42,175	42,175	42,175	42,175	42,175	42,175
04	98,094	52,535	57,660	57,660	57,660	57,660	57,660	57,660	57,660	57,660	57,660
05	58,268	37,037	37,037	37,037	37,037	37,037	37,037	37,037	37,037	37,037	37,037

DELAWARE COMPENSATION RATING BUREAU
"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE
INDEMNITY INCURRED LOSS DEVELOPMENT FACTORS

Age-to-Age Development Factors

Policy Year	Report									
	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - ULT
92	****	1.1768	1.0000	0.8795	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
93	*	*	*	*	*	*	*	*	*	*
94	*	*	*	*	*	*	*	*	*	*
95	7.8030	1.0000	0.1344	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
96	0.7679	****	0.9624	0.9701	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
97	****	0.9130	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
98	1.3212	****	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000		
99	****	*	*	*	*	*				
00	0.9516	1.2455	2.0621	1.0000	1.0000					
01	1.0000	****	1.1252	1.0013						
02	3.5034	0.7018	1.6835							
03	0.6932	0.9918								
04	3.9473									
3 Yr Average	2.7146	0.9797	1.6236	1.0004	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Average (All available)	2.4985	1.0048	1.1210	0.9787	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Selected (All available)	2.4984	1.0164	1.0007	1.0001	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Development Factors to Ultimate

	1-ULT	2-ULT	3-ULT	4-ULT	5-ULT	6-ULT	7-ULT	8-ULT	9-ULT	10-ULT
3 Yr Average										
Average (All available)	2.7543	1.1024	1.0971	0.9787	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Selected (All available)	2.5414	1.0172	1.0008	1.0001	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

* No reported losses.

**** Loss development factor not used

DELAWARE COMPENSATION RATING BUREAU
"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE
MEDICAL INCURRED LOSS DEVELOPMENT FACTORS

Age-to-Age Development Factors

Policy Year	Report									
	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - ULT
92	****	1.0991	1.0000	0.9348	1.0000	1.0000	1.0000	1.0000	1.0000	
93	*	*	*	*	*	*	*	*	*	*
94	*	*	*	*	*	*	*	*	*	*
95	1.0479	1.0157	0.9900	1.0004	1.0105	1.0000	1.0000	1.0000	1.0000	
96	0.9563	****	1.1081	0.9358	1.0000	1.0000	1.0000	1.0000	1.0000	
97	****	0.7586	1.0000	0.9257	1.0000	1.0151	0.9851	1.0000		
98	0.9117	****	0.6220	1.0000	1.0000	1.0000	1.0000			
99	****	*	*	*	*	*				
00	1.0219	1.1738	0.8640	1.0000	1.0000					
01	1.0000	****	1.0381	0.9830						
02	1.5469	1.0374	1.1595							
03	0.9163	0.8346								
04	1.0976									
3 Yr Average	1.1869	1.0153	1.0205	0.9943	1.0000	1.0050	0.9950	1.0000	1.0000	
Average (All available)	1.0623	0.9865	0.9727	0.9685	1.0018	1.0030	0.9970	1.0000	1.0000	
Selected (All available)	1.0605	0.9816	0.9771	0.9816	0.9872	0.9925	0.9972	1.0000	1.0000	1.0000

Development Factors to Ultimate

3 Yr Average	1-ULT	2-ULT	3-ULT	4-ULT	5-ULT	6-ULT	7-ULT	8-ULT	9-ULT	10-ULT
Average (All available)	0.9890	0.9310	0.9437	0.9702	1.0018	1.0000	0.9970	1.0000	1.0000	1.0000
Selected (All available)	0.9754	0.9197	0.9370	0.9590	0.9770	0.9897	0.9972	1.0000	1.0000	1.0000

* No reported losses.

**** Loss development factor not used

DELAWARE COMPENSATION RATING BUREAU, INC.

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

FITTED DEVELOPMENT FACTORS

INDEMNITY INCURRED LOSSES

$Y = a*(1+x)^b$

$a = 3,372.8760$

$b = (11.1364)$

$R^2 = 0.9915$

<u>Incurred Development</u>	<u>All Year Average</u>	<u>All Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>	<u>Selected</u>
1st to 2nd	2.4985	1.4985	1.4984	2.4984	2.4984
2nd to 3rd	1.0048	0.0048	0.0164	1.0164	1.0164
3rd to 4th	1.1210	0.1210	0.0007	1.0007	1.0007
4th to 5th	0.9787	(0.0213)	0.0001	1.0001	1.0001
5th to 6th	1.0000	-	-	1.0000	1.0000
6th to 7th	1.0000	-	-	1.0000	1.0000
7th to 8th	1.0000	-	-	1.0000	1.0000
8th to 9th	1.0000	-	-	1.0000	1.0000
9th to 10th	1.0000	-	-	1.0000	1.0000
10th to 11th	1.0000	-	-	1.0000	1.0000
10th to Ultimate					1.0000

DELAWARE COMPENSATION RATING BUREAU, INC.

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

FITTED DEVELOPMENT FACTORS

MEDICAL INCURRED LOSSES

$Y = a + b \cdot \log(x)/x$

a 0.0605
b (0.2279)

$R^2 = 0.8777$

<u>Incurred Development</u>	<u>All Year Average</u>	<u>All Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>	<u>Selected</u>
1st to 2nd	1.0623	0.0623	0.0605	1.0605	1.0605
2nd to 3rd	0.9865	(0.0135)	(0.0184)	0.9816	0.9816
3rd to 4th	0.9727	(0.0273)	(0.0229)	0.9771	0.9771
4th to 5th	0.9685	(0.0315)	(0.0184)	0.9816	0.9816
5th to 6th	1.0018	0.0018	(0.0128)	0.9872	0.9872
6th to 7th	1.0030	0.0030	(0.0075)	0.9925	0.9925
7th to 8th	0.9970	(0.0030)	(0.0028)	0.9972	0.9972
8th to 9th	1.0000	-	0.0013	1.0013	1.0000 *
9th to 10th	1.0000	-	0.0049	1.0049	1.0000 *
10th to 11th	1.0000	-	0.0081	1.0081	1.0000 *
10th to Ultimate					1.0000 *

* Selected

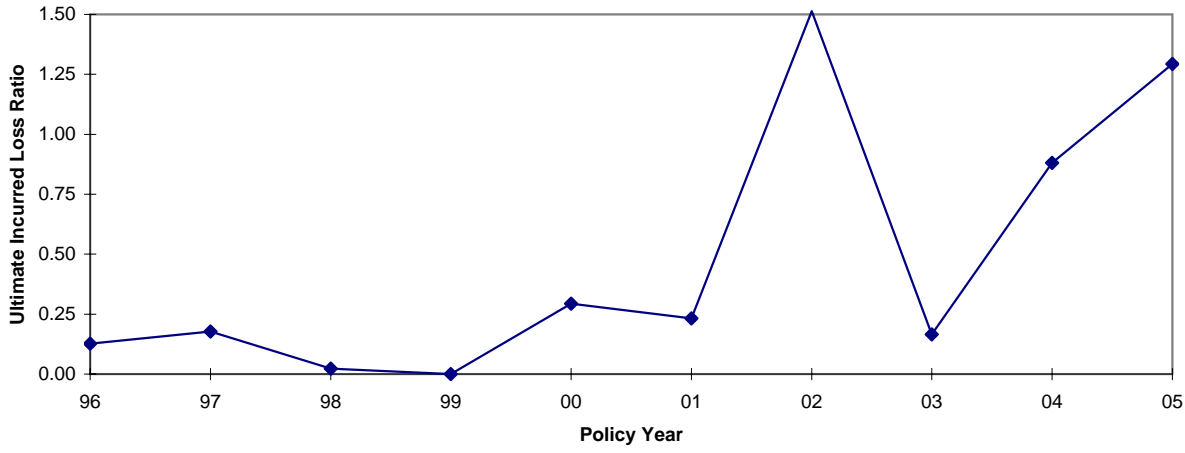
DELAWARE COMPENSATION RATING BUREAU

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

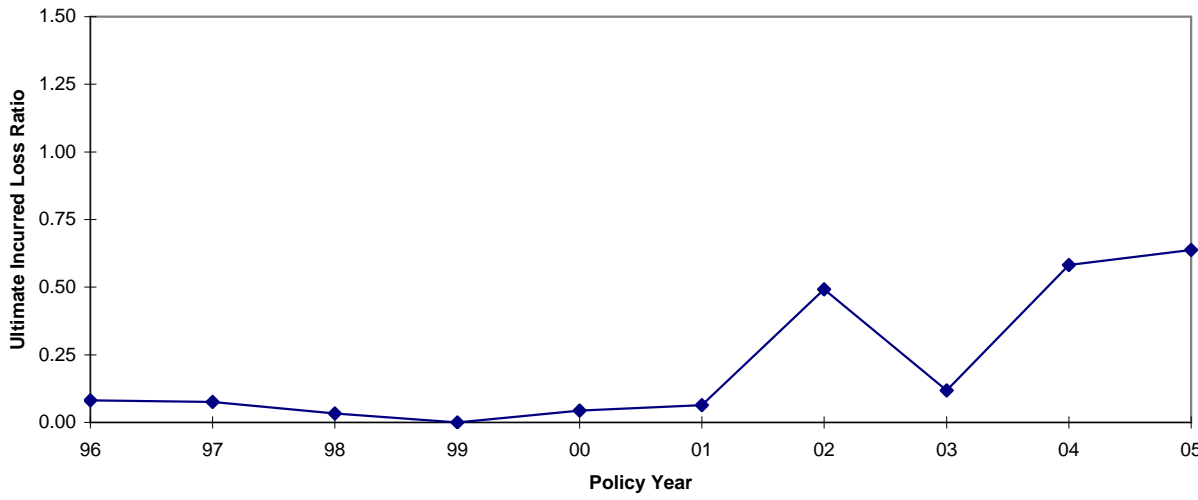
ULTIMATE LOSS RATIOS

Policy Year	Standard Earned Premium	Premium On-Level Factor	Adjusted Premium	Reported Incurred Loss	Report Level	Loss Development Factor	Loss On-Level Factor	Ultimate Incurred Loss	Loss Ratio
	(1)	(2)	(3) = (1) * (2)	(4)	(5)	(6)	(7)	(8)=(4)*(6)/(7)	(9)=(8)/(3)
Indemnity									
1996	1,320,294	0.8566	1,130,964	139,347	10	1.0000	1.0262	142,998	0.1264
1997	889,932	0.9750	867,684	150,695	9	1.0000	1.0234	154,221	0.1777
1998	266,646	1.1458	305,523	6,842	8	1.0000	1.0206	6,983	0.0229
1999	122,888	1.1458	140,805	0	7	1.0000	1.0183	0	0.0000
2000	729,382	1.1385	830,401	240,363	6	1.0000	1.0156	244,113	0.2940
2001	1,682,660	1.0455	1,759,221	402,101	5	1.0000	1.0133	407,449	0.2316
2002	350,922	1.0339	362,818	543,103	4	1.0001	1.0112	549,241	1.5138
2003	362,857	0.9225	334,736	54,887	3	1.0008	1.0089	55,420	0.1656
2004	98,094	0.9284	91,070	78,278	2	1.0172	1.0067	80,158	0.8802
2005	58,268	0.9719	56,631	28,679	1	2.5414	1.0049	73,242	1.2933
10 Year Total	5,881,943		5,879,853	1,644,295				1,713,825	0.2915
5 Year Average									0.8169
Medical									
1996	1,320,294	0.8566	1,130,964	92,113	10	1.0000		92,113	0.0814
1997	889,932	0.9750	867,684	66,156	9	1.0000		66,156	0.0762
1998	266,646	1.1458	305,523	10,112	8	1.0000		10,112	0.0331
1999	122,888	1.1458	140,805	0	7	0.9972		0	0.0000
2000	729,382	1.1385	830,401	36,948	6	0.9897		36,567	0.0440
2001	1,682,660	1.0455	1,759,221	115,610	5	0.9770		112,951	0.0642
2002	350,922	1.0339	362,818	186,133	4	0.9590		178,502	0.4920
2003	362,857	0.9225	334,736	42,175	3	0.9370		39,518	0.1181
2004	98,094	0.9284	91,070	57,660	2	0.9197		53,030	0.5823
2005	58,268	0.9719	56,631	37,037	1	0.9754		36,126	0.6379
10 Year Total	5,881,943		5,879,853	643,944				625,075	0.1063
5 Year Average									0.3789
Total									
1996	1,320,294	0.8566	1,130,964	231,460	10			235,111	0.2079
1997	889,932	0.9750	867,684	216,851	9			220,377	0.2540
1998	266,646	1.1458	305,523	16,954	8			17,095	0.0560
1999	122,888	1.1458	140,805	0	7			0	0.0000
2000	729,382	1.1385	830,401	277,311	6			280,680	0.3380
2001	1,682,660	1.0455	1,759,221	517,711	5			520,400	0.2958
2002	350,922	1.0339	362,818	729,236	4			727,743	2.0058
2003	362,857	0.9225	334,736	97,062	3			94,938	0.2836
2004	98,094	0.9284	91,070	135,938	2			133,188	1.4625
2005	58,268	0.9719	56,631	65,716	1			109,368	1.9312
10 Year Total	5,881,943		5,879,853	2,288,239				2,338,900	0.3978
5 Year Average									1.1958

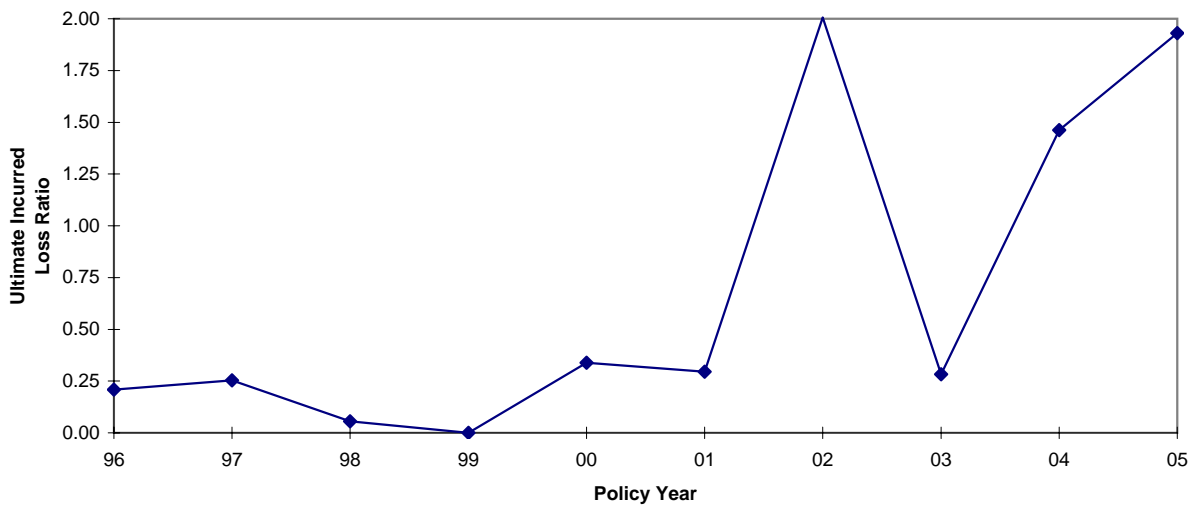
Indemnity Incurred Ultimate Loss Ratio



Medical Incurred Ultimate Loss Ratio



Total Incurred Ultimate Loss Ratio



		3 points	4 points	5 points	6 points	7 points	8 points	9 points	10 points
INDEMNITY									
LINEAR	Average Loss Ratio	0.7797	0.9632	0.8169	0.7298	0.6255	0.5502	0.5088	0.4706
	Trended Loss Ratio	2.9881	0.9867	1.5494	1.5955	1.6792	1.6342	1.4985	1.3971
	Trend Factor	3.8324	1.0244	1.8967	2.1862	2.6846	2.9702	2.9452	2.9688
	Annual. Trend Factor	1.2549	1.0035	1.0842	1.0917	1.1047	1.1049	1.0949	1.0879
EXPONENTIAL	R^2	0.9767	0.0001	0.1496	0.2612	0.4096	0.4823	0.4709	0.4698
	Trended Loss Ratio	32.1031	1.2408	2.4141	2.1531	#NUM!	#NUM!	#NUM!	#NUM!
	Trend Factor	41.1737	1.2882	2.9552	2.9503	#NUM!	#NUM!	#NUM!	#NUM!
	Annual. Trend Factor	1.8745	1.0373	1.1467	1.1290	#NUM!	#NUM!	#NUM!	#NUM!
	R^2	0.8846	0.0232	0.2023	0.2664	#NUM!	#NUM!	#NUM!	#NUM!

MEDICAL									
LINEAR	Average Loss Ratio	0.4461	0.4576	0.3789	0.3231	0.2769	0.2465	0.2275	0.2129
	Trended Loss Ratio	1.4641	0.8559	0.9874	0.9653	0.9202	0.8419	0.7553	0.6837
	Trend Factor	3.2820	1.8704	2.6060	2.9876	3.3232	3.4154	3.3200	3.2114
	Annual. Trend Factor	1.2225	1.0948	1.1286	1.1306	1.1287	1.1191	1.1059	1.0945
EXPONENTIAL	R^2	0.8292	0.2472	0.5314	0.6444	0.7023	0.6912	0.6364	0.5849
	Trended Loss Ratio	9.5914	1.0940	2.7856	3.5063	#NUM!	#NUM!	#NUM!	#NUM!
	Trend Factor	21.5006	2.3907	7.3518	10.8521	#NUM!	#NUM!	#NUM!	#NUM!
	Annual. Trend Factor	1.6796	1.1343	1.2866	1.3066	#NUM!	#NUM!	#NUM!	#NUM!
	R^2	0.7904	0.1498	0.5109	0.6873	#NUM!	#NUM!	#NUM!	#NUM!

TOTAL									
LINEAR	Average Loss Ratio	1.2258	1.4208	1.1958	1.0529	0.9024	0.7967	0.7363	0.6835
	Trended Loss Ratio	4.4522	1.8426	2.5368	2.5608	2.5994	2.4761	2.2538	2.0808
EXPONENTIAL	Trended Loss Ratio	41.6945	2.3348	5.1997	5.6594	#NUM!	#NUM!	#NUM!	#NUM!