

DELAWARE COMPENSATION RATING BUREAU, INC.

State and Hazard Group Relativities

The attached exhibit pages present an analysis of Delaware State and Hazard Group relativities.

The exhibit shows the derivation of the December 1, 2010 proposed relativities. DCRB and NCCI average costs are shown by hazard group and in total. A credibility weight is calculated for each hazard group based on the number of claims. A credibility weighted average cost is then calculated and these average costs are related to the NCCI overall average cost to generate the indicated (and selected) relativities. An adjustment has been made to recognize the impact of Senate Bill 1 on Delaware average costs.

The bottom of the exhibit presents the approved December 1, 2009 relativities.

**Derivation of State Hazard Group Relativities
Delaware December 1, 2010 Filing**

Hazard Group	DCRB Average Cost (1)	Ratio to DCRB Total (2)=(1)All/(1)i	Ratio to NCCI Total (3)=(4)All/(4)i	NCCI Average Cost (4)	Ratio to NCCI Total (5)=(4)All/(4)i	# Claims (6)	Credibility * (7)	Cred Wtd Average Cost** (8)	Ratio to NCCI Total (9)=(4)All/(8)i	Selected St & HG Relativity (10)
A	52,254	1.718	1.106	32,677	1.769	704	0.067	30,461	1.897	1.897
B	71,622	1.254	0.807	43,969	1.314	1,840	0.109	42,450	1.362	1.362
C	86,322	1.040	0.670	49,846	1.160	3,798	0.157	50,711	1.140	1.140
D	87,990	1.021	0.657	55,540	1.041	1,045	0.082	52,302	1.105	1.105
E	96,661	0.929	0.598	64,867	0.891	2,214	0.120	62,078	0.931	0.931
F	131,138	0.685	0.441	79,630	0.726	1,195	0.088	75,760	0.763	0.763
G	148,859	0.603	0.388	106,607	0.542	175	0.034	96,129	0.601	0.601
All	89,795		0.644	57,797		10,971	0.266	61,400		
	DCRB Average Cost	Ratio to DCRB Total	Ratio to NCCI Total					Combined Cred Wtd Ave Cost	Ratio to NCCI Total	Selected St & HG Relativity
1	(A-B)	66,262	1.355	0.872				39,133	1.477	1.477
2	(C-D)	86,682	1.036	0.667				51,054	1.132	1.132
3	(E-F)	108,747	0.826	0.531				66,874	0.864	0.864
4	(G)	148,859	0.603	0.388				96,129	0.601	0.601

* Credibility = [# claims by TOI / 155,000]^0.5

** DCRB Ave Cost * Cred + NCCI Ave Cost * (1-Cred) * 0.8843

Delaware December 1, 2009 Filing

Hazard Group	Approved Relativity
A	1.834
B	1.346
C	1.129
D	1.096
E	0.936
F	0.730
G	0.606
1	1.460
2	1.122
3	0.852
4	0.606