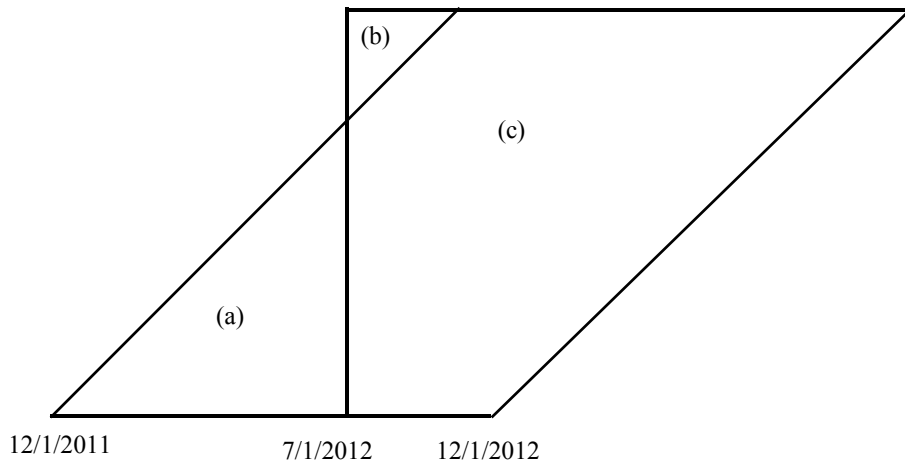


DELAWARE COMPENSATION RATING BUREAU, INC.

Effect of 7/1/12 Benefit Change

**Effect of 7/1/2012 Benefit Change on a 12/1/11 Effective Date**



(a) This portion of the graph reflects the exposure of the 6/1/2011 Benefit Level on new and renewal policies as respects the current loss cost filing. This area covers 0.17014 policy years.

(b) This portion of the graph reflects the exposure of the 7/1/2012 Benefit Level on outstanding policies as respects the current loss cost filing. This area covers 0.08681 policy years.

(c) This portion of the graph reflects the exposure of the 7/1/2012 Benefit Level on new and renewal policies as respects the current loss cost filing. This area covers 0.82986 policy years.

(d) Benefit Change (Page 10.2) = 1.0050

(e) Adjustment to reflect one-year period available to collect premium on 0.9167 years of exposure = 0.9167

(f) Overall effect of 7/1/2012 Benefit Change (1+(e)[(d)-1.0]) = 1.0046

**DELAWARE BENEFIT CHANGES**

<u>Injury Type</u>	<u>Five Year Losses From Table II (1)</u>	<u>Increase Factor (2)</u>	<u>Losses at 7/01/10 Level (1)*(2) (3)</u>
DEATH	\$22,329,000	1.0169	\$22,706,360
PERMANENT TOTAL	66,563,700	1.0170	67,695,283
MAJOR			
Specific Loss	239,604,390	1.0170	243,677,665
Loss of Earnings	21,522,610	1.0006	21,535,524
MINOR			
Specific Loss	71,892,618	1.0170	73,114,793
Loss of Earnings	4,491,282	1.0002	4,492,180
TEMPORARY	52,436,800	1.0170	53,328,226
INDEMNITY	478,840,400	1.0161	486,550,031
MEDICAL	1,077,388,400	1.0000	1,077,388,400
TOTAL	\$1,556,228,800		\$1,563,938,431

Total Effect of 07/01/2012 Benefit Change:

$$[\text{Total of (3)} \div \text{Total of (1)}] = 1.0050$$

**Calculation of Delaware Statewide Average Weekly Wage**

<u>Calendar Year</u>	<u>Quarter</u>		<u>Average Quarterly Employment (+)</u>	<u>Total Quarterly Wages (+)</u>
2009	1	Actual	395,027	4,998,465,287
2009	2	Actual	400,517	4,444,563,883
2009	3	Actual	397,513	4,531,559,979
2009	4	Actual	393,960	4,897,474,527
2010	1	Actual	380,330	4,783,046,607
2010	2	Actual	394,973	4,465,332,237
2010	3	Actual	400,120	4,670,161,607
2010	4	Actual	398,334	5,171,266,702
2011	1	Projected	380,330	4,828,007,245 = \$4,783,046,607.00 * 1.0094 (++)
2011	2	Projected	394,973	4,507,306,360 = \$4,465,332,237.00 * 1.0094 (++)
2011	3	Projected	400,120	4,714,061,126 = \$4,670,161,607.00 * 1.0094 (++)
2011	4	Projected	398,334	5,219,876,609 = \$5,171,266,702.00 * 1.0094 (++)

(1) Sum of Qtrs 1 Through 4 of Projected Total Qtrly Wages for Calendar Year 2011 = 19,269,251,340

(2) Average of Qtrs 1 Through 4 of Projected Average Qtrly Employment for CY 2011 = 393,439

(3) Calendar Year 2011 Projected Average Weekly Wage = (1)/((2)\*52) = 941.86

(+) Source: Office of Occupational and Labor Market Information, ES202 data underlying the Statewide Average Weekly Wage set forth in June by the Secretary of Labor

(++) 1.0094 is an estimate for annual rate of wage inflation.

**STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2012**

**EFFECT ON SECTION 2330 BENEFITS - DEATH CASES**

**Statewide Average Weekly Wage = 941.86**

(I) Workers Capped at Maximum > 2/3 SAWW	PRESENT	2011
( 1) Maximum Weekly Compensation	612.14	627.91
( 2) Statewide Average Weekly Wage	941.86	941.86
( 3) Min. Wage to be Limited to Maximum Benefit	918.22	941.87
( 4) Ratio: (3) ÷ (2)	0.9749	1.0000
( 5) (4) to Nearest 5%	0.95	1.00
( 6) (A) for (5)	70.0000	73.6100
( 7) 100 - (6)	30.0000	26.3900
( 8) [(1)] * (7) ÷ 100	183.6420	165.7054
<b>(II) Workers at 2/3 Wages</b>		
( 9) Maximum Wage; SAWW	918.21	941.86
(10) Minimum Wage; 1/3 SAWW	306.08	313.96
(11) (9) ÷ (2)	0.9749	1.0000
(12) (10) ÷ (2)	0.3250	0.3333
(13) (11) to Nearest 5%	0.95	1.00
(14) (12) to Nearest 5%	0.35	0.35
(15) (B) for (13)	52.3800	56.5900
(16) (B) for (14)	1.6800	1.6800
(17) (15) - (16)	50.7000	54.9100
(18) [2/3 * (2)] * (17) ÷ 100	318.3487	344.7836
<b>(III) Workers Raised to Minimum &lt; 2/9 SAWW</b>		
(19) Minimum Weekly Compensation	204.05	209.30
(20) Maximum Wage to be Limited to Minimum Benefit	306.07	313.95
(21) (19) ÷ (2)	0.2166	0.2222
(22) (21) to Nearest 5%	0.20	0.20
(23) (A) for (22)	0.9100	0.9100
(24) [(19)] * (23) ÷ 100	1.8569	1.9046
(25) [(8) + (18) + (24)]	503.8476	512.3936

Effect of Change: 512.39 ÷ 503.85 = 1.0169

**STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2012**  
**EFFECT ON SECTION 2324 and 2326 BENEFITS - TOTAL DISABILITY CASES**  
**(TEMPORARY & PERMANENT), and PERMANENT PARTIAL SCHEDULED CASES**

**Statewide Average Weekly Wage = 941.86**

(I) Workers Capped at Maximum > 2/3 SAWW	PRESENT	2011
( 1) Maximum Weekly Compensation	612.14	627.91
( 2) Statewide Average Weekly Wage	941.86	941.86
( 3) Min. Wage to be Limited to Maximum Benefit	918.22	941.87
( 4) Ratio: (3) ÷ (2)	0.9749	1.0000
( 5) (4) to Nearest 5%	0.95	1.00
( 6) (A) for (5)	70.0000	73.6100
( 7) 100 - (6)	30.0000	26.3900
( 8) [(1)] * (7) ÷ 100	183.6420	165.7054
<b>(II) Workers at 2/3 Wages</b>		
( 9) Maximum Wage; SAWW	918.21	941.86
(10) Minimum Wage; 1/3 SAWW	306.08	313.96
(11) (9) ÷ (2)	0.9749	1.0000
(12) (10) ÷ (2)	0.3250	0.3333
(13) (11) to Nearest 5%	0.95	1.00
(14) (12) to Nearest 5%	0.35	0.35
(15) (B) for (13)	52.3800	56.5900
(16) (B) for (14)	1.6800	1.6800
(17) (15) - (16)	50.7000	54.9100
(18) [2/3 * (2)] * (17) ÷ 100	318.3487	344.7836
<b>(III) Workers at Intermediate Minimum &lt; 2/9 SAWW</b>		
(19) Intermediate Minimum Weekly Compensation	204.05	209.30
(20) Maximum Wage; 1/3 SAWW	306.07	313.95
(21) Minimum Wage; 2/9 SAWW	204.06	209.31
(22) (20) ÷ (2)	0.3250	0.3333
(23) (21) ÷ (2)	0.2167	0.2222
(24) (22) to Nearest 5%	0.35	0.35
(25) (23) to Nearest 5%	0.20	0.20
(26) (A) for (24)	5.2300	5.2300
(27) (A) for (25)	0.9100	0.9100
(28) (26) - (27)	4.3200	4.3200
(29) [(19)] * (28) ÷ 100	8.8150	9.0418
<b>(IV) Workers at 100% of Wages</b>		
(30) Maximum Wage;> 2/9 SAWW	204.05	209.30
(31) (30) ÷ (2)	0.2166	0.2222
(32) (31) to Nearest 5%	0.20	0.20
(33) (B) for (32)	0.1600	0.1600
(34) [1.0 * (2)] * (33) ÷ 100	1.5070	1.5070
(35) [(8) + (18) + (29) + (34)]	512.3127	521.0378

Effect of Change: 521.04 ÷ 512.31 = 1.0170

**STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2012**

**EFFECT OF SECTION 2325 BENEFITS - MAJOR CASES**

**Statewide Average Weekly Wage = 941.86**

	PRESENT	2011
(1) % of Lost Earnings Compensated	2/3	2/3
(2) Average Loss of Earning Power	0.40	0.40
(3) Nominal % of Compensation: (1)*(2)	0.267	0.267
(4) Maximum Weekly Compensation	612.14	627.91
(5) Eff. Wkly. Wage for Max. Benefits: (4)÷(3)	2292.66	2351.72
(6) Average Weekly Wage	941.86	941.86
(7) Ratio to Average %: (5)÷(6)	2.4342	2.4969
(8) Line (7) adjusted to nearest 5%	2.45	2.50
(9) (B) for (8) from Wage Table	98.0400	98.2400
(10) (A) for (8) from Wage Table	99.4200	99.4900
(11) Difference: 100.00-(10)	0.5800	0.5100
(12) Product: (7)*(11)	1.4118	1.2734
(13) Limit Factor: [(9)+(12)] %	99.4518	99.5134
(14) Effective Average Weekly Wage: (13)*(6)÷100	936.70	937.28
(15) Average Benefit: (14)*(3)	250.10	250.25

Effect of Change:  $250.25 \div 250.10 = 1.0006$

**STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2012**

**EFFECT OF SECTION 2325 BENEFITS - MINOR CASES**

**Statewide Average Weekly Wage = 941.86**

	PRESENT	2011
(1) % of Lost Earnings Compensated	2/3	2/3
(2) Average Loss of Earning Power	0.25	0.25
(3) Nominal % of Compensation: (1)*(2)	0.167	0.167
(4) Maximum Weekly Compensation	612.14	627.91
(5) Eff. Wkly. Wage for Max. Benefits: (4)÷(3)	3665.51	3759.94
(6) Average Weekly Wage	941.86	941.86
(7) Ratio to Average %: (5)÷(6)	3.8918	3.9920
(8) Line (7) adjusted to nearest 5%	3.90	4.00
(9) (B) for (8) from Wage Table	99.9800	100.0000
(10) (A) for (8) from Wage Table	100.0000	100.0000
(11) Difference: 100.00-(10)	0.0000	0.0000
(12) Product: (7)*(11)	0.0000	0.0000
(13) Limit Factor: [(9)+(12)] %	99.9800	100.0000
(14) Effective Average Weekly Wage: (13)*(6)÷100	941.67	941.86
(15) Average Benefit: (14)*(3)	157.26	157.29

Effect of Change:  $157.29 \div 157.26 = 1.0002$



**DELAWARE WAGE DISTRIBUTION TABLE\***

R = Ratio to Average Wage

A = Percentage of workers receiving not more than the percentage of the average wage indicated by Column R

B = Percentage of wages received by the percentage of workers in Column A

R	A	B	R	A	B	R	A	B
0.05	0.0600	0.0000	2.40	99.3400	97.8100	4.75	100.0000	100.0000
0.10	0.1900	0.0100	2.45	99.4200	98.0400	4.80	100.0000	100.0000
0.15	0.4400	0.0500	2.50	99.4900	98.2400	4.85	100.0000	100.0000
0.20	0.9100	0.1600	2.55	99.5500	98.4200	4.90	100.0000	100.0000
0.25	1.7500	0.3900	2.60	99.6000	98.5900	4.95	100.0000	100.0000
0.30	3.1200	0.8500	2.65	99.6500	98.7300	5.00	100.0000	100.0000
0.35	5.2300	1.6800	2.70	99.6900	98.8600	5.05	100.0000	100.0000
0.40	8.2800	3.0700	2.75	99.7300	98.9800	5.10	100.0000	100.0000
0.45	12.4100	5.1900	2.80	99.7600	99.0900	5.15	100.0000	100.0000
0.50	17.6300	8.1800	2.85	99.7900	99.1900	5.20	100.0000	100.0000
0.55	23.8300	12.0900	2.90	99.8100	99.2700	5.25	100.0000	100.0000
0.60	30.7100	16.8400	2.95	99.8300	99.3500	5.30	100.0000	100.0000
0.65	37.8600	22.2100	3.00	99.8500	99.4200	5.35	100.0000	100.0000
0.70	44.8300	27.8600	3.05	99.8700	99.4900	5.40	100.0000	100.0000
0.75	51.1900	33.3800	3.10	99.8900	99.5400	5.45	100.0000	100.0000
0.80	56.6500	38.4500	3.15	99.9000	99.6000	5.50	100.0000	100.0000
0.85	61.5300	43.2700	3.20	99.9100	99.6400	5.55	100.0000	100.0000
0.90	65.9800	47.9300	3.25	99.9300	99.6800	5.60	100.0000	100.0000
0.95	70.0000	52.3800	3.30	99.9300	99.7200	5.65	100.0000	100.0000
1.00	73.6100	56.5900	3.35	99.9400	99.7600	5.70	100.0000	100.0000
1.05	76.8300	60.5400	3.40	99.9500	99.7900	5.75	100.0000	100.0000
1.10	79.6900	64.2100	3.45	99.9600	99.8200	5.80	100.0000	100.0000
1.15	82.2100	67.6100	3.50	99.9600	99.8400	5.85	100.0000	100.0000
1.20	84.4400	70.7300	3.55	99.9700	99.8700	5.90	100.0000	100.0000
1.25	86.3900	73.6000	3.60	99.9800	99.8900	5.95	100.0000	100.0000
1.30	88.1100	76.2100	3.65	99.9800	99.9100	6.00	100.0000	100.0000
1.35	89.6100	78.5900	3.70	99.9800	99.9200	6.05	100.0000	100.0000
1.40	90.9200	80.7400	3.75	99.9900	99.9400	6.10	100.0000	100.0000
1.45	92.0700	82.7000	3.80	99.9900	99.9500	6.15	100.0000	100.0000
1.50	93.0700	84.4600	3.85	99.9900	99.9700	6.20	100.0000	100.0000
1.55	93.9400	86.0500	3.90	100.0000	99.9800	6.25	100.0000	100.0000
1.60	94.7100	87.4800	3.95	100.0000	99.9900	6.30	100.0000	100.0000
1.65	95.3700	88.7700	4.00	100.0000	100.0000	6.35	100.0000	100.0000
1.70	95.9500	89.9300	4.05	100.0000	100.0000	6.40	100.0000	100.0000
1.75	96.4500	90.9700	4.10	100.0000	100.0000	6.45	100.0000	100.0000
1.80	96.8900	91.9000	4.15	100.0000	100.0000	6.50	100.0000	100.0000
1.85	97.2800	92.7400	4.20	100.0000	100.0000	6.55	100.0000	100.0000
1.90	97.6100	93.4900	4.25	100.0000	100.0000	6.60	100.0000	100.0000
1.95	97.9100	94.1600	4.30	100.0000	100.0000	6.65	100.0000	100.0000
2.00	98.1600	94.7700	4.35	100.0000	100.0000	6.70	100.0000	100.0000
2.05	98.3900	95.3100	4.40	100.0000	100.0000	6.75	100.0000	100.0000
2.10	98.5800	95.7900	4.45	100.0000	100.0000	6.80	100.0000	100.0000
2.15	98.7500	96.2300	4.50	100.0000	100.0000	6.85	100.0000	100.0000
2.20	98.9000	96.6200	4.55	100.0000	100.0000	6.90	100.0000	100.0000
2.25	99.0300	96.9700	4.60	100.0000	100.0000	6.95	100.0000	100.0000
2.30	99.1500	97.2800	4.65	100.0000	100.0000	7.00	100.0000	100.0000
2.35	99.2500	97.5600	4.70	100.0000	100.0000			

\*Based on Data from the Delaware Department of Labor for 2007 and 2008.