

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, 2016 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, Senate Bill 238, House Bill 175 and House Bill 373 on Delaware average costs.

The bottom of the exhibit presents the approved December 1, 2015 relativities.

**Derivation of State Hazard Group Relativities
Delaware December 1, 2016 Filing**

Hazard Group	DCRB Average Cost	Ratio to DCRB Total	Ratio to NCCI Total	NCCI Average Cost	Ratio to NCCI Total	# Claims	Credibility *	Cred Wtd Average Cost**	Ratio to NCCI Total	Selected St & HG Relativity
	(1)	(2)=(1)All/(1)i	(3)=(4)All/(1)i	(4)	(5)=(4)All/(4)i	(6)	(7)	(8)	(9)=(4)All/(8)i	(10)
A	55,793	1.965	1.076	37,606	1.596	635	0.064	38,770	1.548	1.548
B	76,944	1.425	0.780	46,091	1.302	1,417	0.096	49,053	1.224	1.224
C	91,423	1.199	0.657	51,490	1.166	3,262	0.145	57,280	1.048	1.048
D	123,951	0.885	0.484	60,838	0.987	812	0.072	65,382	0.918	0.918
E	144,591	0.758	0.415	71,458	0.840	1,812	0.108	79,356	0.756	0.756
F	187,056	0.586	0.321	86,201	0.696	650	0.065	92,757	0.647	0.647
G	272,508	0.402	0.220	98,640	0.608	90	0.024	102,813	0.584	0.584
All	109,638		0.547	60,022		8,678	0.237	71,781		

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

** DCRB Avg Cost * Cred + NCCI Avg Cost * (1-Cred)

Delaware December 1, 2015 Filing

Hazard Group	Approved Relativity
A	1.589
B	1.221
C	1.066
D	0.943
E	0.772
F	0.659
G	0.587