

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

| Policy Year Beginning 10/1 | Average Law Multiplier | Adjust- ment Factor | Loss Ratio Development Factor | Expense Allowance* 1.0 / (PLR/CPR) | Trend Factor | Product (2) * (3) * (4) * (5) * (6) | Expected Loss Rate Factor 1.0 / (7) |
|---|---------------------------------------|------------------------------------|--|---|-------------------------|--|--|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 2018 | 1.0028 | 1.0000 | 1.0249 | 1.6227 | 1.0000 | 1.6678 | 0.5996 |
| 2019 | 1.0022 | 1.0000 | 1.1010 | 1.6227 | 1.0000 | 1.7905 | 0.5585 |
| 2020 | 1.0017 | 1.0000 | 1.3910 | 1.6227 | 1.0000 | 2.2610 | 0.4423 |
| Average of (8): | | | | | | | 0.5335 |

* Permissible Loss Ratio = 0.5756
 Collectible Premium Ratio = 0.9340