DELAWARE COMPENSATION RATING BUREAU, INC.
F-CLASS FILING

Internal Rate of Return Model

The attached pages present exhibits and a description of the internal rate of return model used in deriving the DCRB's loss ratio (including loss adjustment expenses and loss-based assessments) and provision for profit and contingencies.

DELAWARE COMPENSATION RATING BUREAU, INC.

DELAWARE DECEMBER 1, 2026 RESIDUAL MARKET RATE FILING

Internal Rate of Return Analysis

The following pages present results of an economic analysis establishing the following items:

- The appropriate rate of return for writing workers compensation business, and
- The loss ratio (including loss adjustment expenses and loss-based assessments) which will allow the realization of that target rate of return in current economic conditions, based on current expense needs for stock carriers and cash flows for losses and expenses attendant with Delaware workers compensation insurance.

Internal Rate of Return Table I shows Inputs, Assumptions and Outputs underlying the analysis.

Internal Rate of Return Tables II - VII show the various cash flows projected for the underwriting of Delaware workers compensation business based on the inputs to the Internal Rate of Return model, assuming a base standard premium at DCRB level of $1 million.

Exhibits titled "Delaware Pre & Post Tax Returns" and "Delaware Cost of Capital" present the derivation of a weighted average cost of capital. This was determined by weighting the costs of equity capital and debt capital together using a debt share of capital that assumes that not all debt is related to insurance operations.

The cost of equity capital of 12.34% was the average of Capital Asset Pricing Model ("CAPM") and Discounted Cash Flow ("DCF") analyses. The cost of debt capital was calculated as 3.84%. The resulting weighted average cost of capital was 11.00%.

INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE - 2026
TABLE I: INPUTS, ASSUMPTIONS & OUTPUTS

	Section 1: Inputs & Assumptions		
(1)	Commissions *		5.63
(2)	Other Expenses		4.43
(2A)	Other Acquisitions *	1.51	
(2B)	General Expenses *	2.63	
(2C)	Other Tax **	0.29	
(3)	State Premium Taxes & Uncollectible Premium		
(3A)	Tax1 - Premium Tax **		2.00
(3B)	Uncollectible Premium **		4.39
(3C)	Tax3 - Workers Compensation Fund **		0.00
(4)	Premium Discount ***		8.06
(5)	Deviations		0.00
(6)	Dividends to Policyholders		0.00
(7)	Premium Written		1,000,000
	Investment Income		
(8A)	Pre-Tax Return on Assets		6.85
(8B)	Investment Income Tax Rate		1.22
(8C)	Post-Tax Return on Assets		5.63
(10)	Reserve to Surplus Ratio		1.90
(11)	Internal Rate of Return (Cost of Capital)		11.00

* Applies to standard premium at DCRB level (before premium discount)

** Applies to net premium at company level (after deviations and premium discounts)

*** Applies to standard premium at company level (after deviations)

	Section 2: Outputs	
(1)	Loss Ratio - including loss adjustment expense & loss based assessments	79.39
(2)	Profit & Contingencies	-3.90

INTERNAL RATE OF RETURN ANALYSIS
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TABLE II: CASH FLOW PATTERNS

Column (1)	Premium Collection pattern provided by the DCRB based on Delaware workers compensation data.
Column (2)	Policy Year Loss Payout pattern provided by the DCRB based on Delaware workers compensation data.
Column (3)	Other Expense Payout pattern as follows: All expenses except Commission and 1/2 General Expense flowing with earned premium. Commission flows with collected premium, and 1/2 General Expense flows with written premium.
Column (4)	Tax 1 flow assumes even quarterly payment of state premium taxes.
Column (5)	Uncollectible premium flow matches that of Column (1) – Premium collection pattern.
Column (6)	Tax 3 flow assumes even quarterly payment of Security Fund assessments.
Column (7)	No dividend provision is included in this IRR model.

INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE - 2026
TABLE II: CASH FLOW PATTERNS

TIME FROM	INTERVAL TO	(1) PREMIUM COLLECTED	(2) POLICY YR LOSS PAYOUT	(3) OTHER EXPENSES	(4) TAX1	(5) UNCOLL PREMIUM	(6) TAX3	(7) DIVIDENDS PAID	(8) CUMULATIVE WRITTEN DISTRIBUTION	(9) CUMULATIVE EARNED DISTRIBUTION
-1.00	-0.75	0.0000	0.0000	0.0000	0	0.0000	0	0	0	0
-0.75	-0.50	0.0003	0.0000	0.0000	0	0.0003	0	0	0	0
-0.50	-0.25	0.0008	0.0000	0.0000	0	0.0008	0	0	0	0
-0.25	0.00	0.0012	0.0000	0.0000	0	0.0012	0	0	0	0
0.00	0.25	0.2137	0.7590	17.1284	25	0.2137	25	0	0.2305	0.0290
0.25	0.50	3.3466	1.5180	22.7878	25	3.3466	25	0	0.5150	0.1233
0.50	0.75	9.0523	2.2770	24.8821	25	9.0523	25	0	0.8029	0.2910
0.75	1.00	14.4715	3.0360	20.3597	25	14.4715	25	0	1.0000	0.5215
1.00	1.25	21.0087	6.2175	6.4934	0	21.0087	0	0	1.0000	0.7373
1.25	1.50	16.3779	6.2175	4.6381	0	16.3779	0	0	1.0000	0.8912
1.50	1.75	13.6448	6.2175	2.7829	0	13.6448	0	25	1.0000	0.9755
1.75	2.00	9.1834	6.2175	0.9276	0	9.1834	0	25	1.0000	1.0000
2.00	2.25	5.0021	4.7800	0.0000	0	5.0021	0	25	1.0000	1.0000
2.25	2.50	2.7182	4.7800	0.0000	0	2.7182	0	25	1.0000	1.0000
2.50	2.75	1.8102	4.7800	0.0000	0	1.8102	0	0	1.0000	1.0000
2.75	3.00	0.9567	4.7800	0.0000	0	0.9567	0	0	1.0000	1.0000
3.00	3.25	0.4412	3.3700	0.0000	0	0.4412	0	0	1.0000	1.0000
3.25	3.50	0.2950	3.3700	0.0000	0	0.2950	0	0	1.0000	1.0000
3.50	3.75	0.2257	3.3700	0.0000	0	0.2257	0	0	1.0000	1.0000
3.75	4.00	0.1852	3.3700	0.0000	0	0.1852	0	0	1.0000	1.0000
4.00	4.25	0.1586	1.9925	0.0000	0	0.1586	0	0	1.0000	1.0000
4.25	4.50	0.1398	1.9925	0.0000	0	0.1398	0	0	1.0000	1.0000
4.50	4.75	0.1257	1.9925	0.0000	0	0.1257	0	0	1.0000	1.0000
4.75	5.00	0.1147	1.9925	0.0000	0	0.1147	0	0	1.0000	1.0000
5.00	6.00	0.1060	4.5800	0.0000	0	0.1060	0	0	1.0000	1.0000
6.00	7.00	0.0834	2.8500	0.0000	0	0.0834	0	0	1.0000	1.0000
7.00	8.00	0.0706	1.9700	0.0000	0	0.0706	0	0	1.0000	1.0000
8.00	9.00	0.0624	1.5200	0.0000	0	0.0624	0	0	1.0000	1.0000
9.00	10.00	0.0565	1.2600	0.0000	0	0.0565	0	0	1.0000	1.0000
10.00	11.00	0.0522	1.0700	0.0000	0	0.0522	0	0	1.0000	1.0000
11.00	12.00	0.0488	0.9500	0.0000	0	0.0488	0	0	1.0000	1.0000
12.00	13.00	0.0460	0.8600	0.0000	0	0.0460	0	0	1.0000	1.0000
13.00	14.00	0.0000	0.7900	0.0000	0	0.0000	0	0	1.0000	1.0000
14.00	15.00	0.0000	0.7300	0.0000	0	0.0000	0	0	1.0000	1.0000
15.00	16.00	0.0000	0.6800	0.0000	0	0.0000	0	0	1.0000	1.0000
16.00	17.00	0.0000	0.6400	0.0000	0	0.0000	0	0	1.0000	1.0000
17.00	18.00	0.0000	0.6100	0.0000	0	0.0000	0	0	1.0000	1.0000
18.00	19.00	0.0000	0.5800	0.0000	0	0.0000	0	0	1.0000	1.0000
19.00	20.00	0.0000	0.5500	0.0000	0	0.0000	0	0	1.0000	1.0000
20.00	21.00	0.0000	0.5200	0.0000	0	0.0000	0	0	1.0000	1.0000
21.00	22.00	0.0000	0.4900	0.0000	0	0.0000	0	0	1.0000	1.0000
22.00	23.00	0.0000	0.4600	0.0000	0	0.0000	0	0	1.0000	1.0000
23.00	24.00	0.0000	0.4300	0.0000	0	0.0000	0	0	1.0000	1.0000
24.00	25.00	0.0000	0.4000	0.0000	0	0.0000	0	0	1.0000	1.0000
25.00	26.00	0.0000	0.3800	0.0000	0	0.0000	0	0	1.0000	1.0000
26.00	27.00	0.0000	0.3600	0.0000	0	0.0000	0	0	1.0000	1.0000
27.00	28.00	0.0000	0.3400	0.0000	0	0.0000	0	0	1.0000	1.0000
28.00	29.00	0.0000	0.3200	0.0000	0	0.0000	0	0	1.0000	1.0000
29.00	30.00	0.0000	0.3000	0.0000	0	0.0000	0	0	1.0000	1.0000
30.00	31.00	0.0000	0.2800	0.0000	0	0.0000	0	0	1.0000	1.0000
31.00	32.00	0.0000	0.2600	0.0000	0	0.0000	0	0	1.0000	1.0000
32.00	33.00	0.0000	0.2400	0.0000	0	0.0000	0	0	1.0000	1.0000
33.00	34.00	0.0000	0.2300	0.0000	0	0.0000	0	0	1.0000	1.0000
34.00	35.00	0.0000	0.2200	0.0000	0	0.0000	0	0	1.0000	1.0000
35.00	36.00	0.0000	0.2100	0.0000	0	0.0000	0	0	1.0000	1.0000
36.00	37.00	0.0000	0.2000	0.0000	0	0.0000	0	0	1.0000	1.0000
37.00	38.00	0.0000	0.1900	0.0000	0	0.0000	0	0	1.0000	1.0000
38.00	39.00	0.0000	0.1800	0.0000	0	0.0000	0	0	1.0000	1.0000
39.00	40.00	0.0000	0.1700	0.0000	0	0.0000	0	0	1.0000	1.0000
40.00	41.00	0.0000	0.1600	0.0000	0	0.0000	0	0	1.0000	1.0000
41.00	42.00	0.0000	0.1500	0.0000	0	0.0000	0	0	1.0000	1.0000
42.00	43.00	0.0000	0.1400	0.0000	0	0.0000	0	0	1.0000	1.0000
43.00	44.00	0.0000	0.1300	0.0000	0	0.0000	0	0	1.0000	1.0000
44.00	45.00	0.0000	0.1200	0.0000	0	0.0000	0	0	1.0000	1.0000
45.00	46.00	0.0000	0.1100	0.0000	0	0.0000	0	0	1.0000	1.0000
46.00	47.00	0.0000	0.1000	0.0000	0	0.0000	0	0	1.0000	1.0000
47.00	48.00	0.0000	0.0900	0.0000	0	0.0000	0	0	1.0000	1.0000
48.00	49.00	0.0000	0.0800	0.0000	0	0.0000	0	0	1.0000	1.0000
49.00	50.00	0.0000	0.0700	0.0000	0	0.0000	0	0	1.0000	1.0000
		100.0000	100.0000	100.0000	100.0000	100.0000	100.0000	100.0000		

INTERNAL RATE OF RETURN ANALYSIS
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TABLE III: CASH FLOW FOR LOSS AND UNEARNED PREMIUM RESERVES
PAGE 1

Column (1) Premium Collected based on collection pattern from Table II, Column (1).

Example: $919,400 x 0.000023 = $21.16

Column (2) Agents' Balances reflects the difference between Written Premium and Collected Premium. Written Premium pattern provided by the DCRB for Delaware workers compensation insurance.

Example: Written Premium, First Quarter = 0.25 x $919,400 = $229,850.00
Collected Premium = (0.000023 + 0.002137) x $919,400 = $1,985.65
Written - Collected = $227,864.35

Column (3) Overdue Agent's Balances are all Agents' Balances due after the end of the 24-month period in which earnings of policy year premium occurs.

Column (4) Admitted Agents' Balances reflect all Agents' Balances due prior to the end of the 24-month period in which earnings of policy year premium occurs.

Column (5) Losses Incurred is computed by applying the loss ratio for the business to earned premiums at DCRB level (i.e., before premium discounts). Premium earning pattern provided by the DCRB for Delaware workers compensation insurance.

Example: 0.7939 x $1,000,000 x 0.029 = $23,023.25

Column (6) Unearned Premiums is computed as Cumulative Written Premium less Cumulative Earned Premium.

Example: $211,921.70 - $26,662.60 = $185,259.10

Column (7) Total Premium Net of Reserves is computed as Collected Premium plus Admitted Agents' Balances less Losses Incurred less Unearned Premium Reserves.

Example: $1,985.65 + $227,864.35 - $23,023.25 - $185,259.10 = $21,567.66

INTERNAL RATE OF RETURN ANALYSIS
EXPLANATORY NOTES

TABLE III: CASH FLOW FOR LOSS AND UNEARNED PREMIUM RESERVES
PAGE 2

Column (8) Premium Net of Reserves is the periodic change in Column (7).

Example: $21,567.66 - $0.00 = $21,567.66

Column (9) Cumulative Written Premium is total written premium times the cumulative written premium distribution (Table II, Column (8)).

Example: $919,400 x 0.2305 = $211,921.70

Column (10) Cumulative Earned Premium is total earned premium times the cumulative earned premium distribution (Table II, Column (9)).

Example: $919,400 x 0.029 = $26,662.60

ASSIGNED RISK
INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE 2026
TABLE III: CASH FLOW FOR LOSS AND UNEARNED PREMIUM RESERVES

TIME FROM	INTERVAL TO	(1) PREMIUM COLLECTED	(2) AGENTS BALANCES	(3) OVERDUE AGENTS BALANCE	(4) ADMITTED AGENTS BALANCES	(5) LOSSES INCURRED	(6) UNEARNED PREMIUMS	(7) TOTAL PREM NET OF RESERVES	(8) PREMIUM NET OF RESERVES	(9) CUMULATIVE WRITTEN PREMIUM	(10) CUMULATIVE EARNED PREMIUM
-1.00	-0.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
-0.75	-0.50	2.76	-2.76	0.00	-2.76	0.00	0.00	0.00	0.00	0.00	0.00
-0.50	-0.25	10.12	-10.12	0.00	-10.12	0.00	0.00	0.00	0.00	0.00	0.00
-0.25	0.00	21.16	-21.16	0.00	-21.16	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.25	1,985.65	227,864.35	0.00	227,864.35	23,023.25	185,259.10	21,567.66	21,567.66	211,921.70	26,662.60
0.25	0.50	32,754.04	426,945.96	0.00	426,945.96	97,888.49	360,128.98	1,682.53	-19,885.12	473,491.00	113,362.02
0.50	0.75	115,981.17	573,568.83	0.00	573,568.83	231,026.36	470,640.86	-12,117.22	-13,799.75	738,186.26	267,545.40
0.75	1.00	249,031.77	670,368.23	0.00	670,368.23	414,021.46	439,932.90	65,445.64	77,562.86	919,400.00	479,467.10
1.00	1.25	442,185.57	477,214.43	0.00	477,214.43	585,346.16	241,526.38	92,527.46	27,081.82	919,400.00	677,873.62
1.25	1.50	592,763.82	326,636.18	0.00	326,636.18	707,528.14	100,030.72	111,841.14	19,313.68	919,400.00	819,369.28
1.50	1.75	718,214.10	201,185.90	0.00	201,185.90	774,454.33	22,525.30	122,420.37	10,579.23	919,400.00	896,874.70
1.75	2.00	802,646.60	116,753.40	0.00	116,753.40	793,905.00	0.00	125,495.00	3,074.63	919,400.00	919,400.00
2.00	2.25	848,635.87	70,764.13	70,764.13	0.00	793,905.00	0.00	54,730.87	-70,764.13	0.00	0.00
2.25	2.50	873,626.73	45,773.27	45,773.27	0.00	793,905.00	0.00	79,721.73	24,990.87	0.00	0.00
2.50	2.75	890,270.14	29,129.86	29,129.86	0.00	793,905.00	0.00	96,365.14	16,643.40	0.00	0.00
2.75	3.00	899,065.80	20,334.20	20,334.20	0.00	793,905.00	0.00	105,160.80	8,795.66	0.00	0.00
3.00	3.25	903,122.06	16,277.94	16,277.94	0.00	793,905.00	0.00	109,217.06	4,056.26	0.00	0.00
3.25	3.50	905,834.05	13,565.95	13,565.95	0.00	793,905.00	0.00	111,929.05	2,711.99	0.00	0.00
3.50	3.75	907,909.28	11,490.72	11,490.72	0.00	793,905.00	0.00	114,004.28	2,075.23	0.00	0.00
3.75	4.00	909,612.26	9,787.74	9,787.74	0.00	793,905.00	0.00	115,707.26	1,702.98	0.00	0.00
4.00	4.25	911,070.55	8,329.45	8,329.45	0.00	793,905.00	0.00	117,165.55	1,458.29	0.00	0.00
4.25	4.50	912,355.41	7,044.59	7,044.59	0.00	793,905.00	0.00	118,450.41	1,284.87	0.00	0.00
4.50	4.75	913,510.74	5,889.26	5,889.26	0.00	793,905.00	0.00	119,605.74	1,155.33	0.00	0.00
4.75	5.00	914,565.48	4,834.52	4,834.52	0.00	793,905.00	0.00	120,660.48	1,054.74	0.00	0.00
5.00	6.00	915,539.75	3,860.25	3,860.25	0.00	793,905.00	0.00	121,634.75	974.27	0.00	0.00
6.00	7.00	916,306.18	3,093.82	3,093.82	0.00	793,905.00	0.00	122,401.18	766.43	0.00	0.00
7.00	8.00	916,955.49	2,444.51	2,444.51	0.00	793,905.00	0.00	123,050.49	649.31	0.00	0.00
8.00	9.00	917,528.89	1,871.11	1,871.11	0.00	793,905.00	0.00	123,623.89	573.41	0.00	0.00
9.00	10.00	918,048.70	1,351.30	1,351.30	0.00	793,905.00	0.00	124,143.70	519.81	0.00	0.00
10.00	11.00	918,528.40	871.60	871.60	0.00	793,905.00	0.00	124,623.40	479.70	0.00	0.00
11.00	12.00	918,976.81	423.19	423.19	0.00	793,905.00	0.00	125,071.81	448.40	0.00	0.00
12.00	13.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	423.19	0.00	0.00
13.00	14.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
14.00	15.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
15.00	16.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
16.00	17.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
17.00	18.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
18.00	19.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
19.00	20.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
20.00	21.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
21.00	22.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
22.00	23.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
23.00	24.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
24.00	25.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
25.00	26.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
26.00	27.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
27.00	28.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
28.00	29.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
29.00	30.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
30.00	31.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
31.00	32.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
32.00	33.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
33.00	34.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
34.00	35.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
35.00	36.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
36.00	37.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
37.00	38.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
38.00	39.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
39.00	40.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
40.00	41.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
41.00	42.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
42.00	43.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
43.00	44.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
44.00	45.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
45.00	46.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
46.00	47.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
47.00	48.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
48.00	49.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00
49.00	50.00	919,400.00	0.00	0.00	0.00	793,905.00	0.00	125,495.00	0.00	0.00	0.00

INTERNAL RATE OF RETURN ANALYSIS
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TABLE IV: TAX CREDITS AVAILABLE FROM UNDERWRITING OPERATIONS
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Column (1) The net written premium underlying the model, i.e., $1 million less premium discounts, or $919,400.00

Column (2) The periodic change in the Unearned Premium Reserve shown in Table III, Column (6).

Example: $439,932.90 - 0 = $439,932.90

Column (3) The sum of the products of the expense flows shown in Table II and their associated expense provisions as shown on Table I, multiplied times the premium base.

Example:

Item	Provisions (%)	Year 1 Expense Flow	Year 1 Expense Ratio %	Premium Base	Year 1 Expense $
	(a)	(b)	(c)=(a)*(b)	(d)	(e)=(c)*(d)
Commission	5.63	0.002708	0.015248	1,000,000	15,248.31
General Expense	2.63	0.007500	0.019725	1,000,000	19,725.00
Other Acquisition	1.51	0.010000	0.015100	1,000,000	15,100.00
Other Tax	0.29	0.010000	0.002900	919,400	2,666.26
Uncollectible Prem	4.39	0.002708	0.011890	919,400	10,931.57
Tax 1:	2.00	0.010000	0.020000	919,400	18,388.00
Tax 3:	0.00	0.010000	0.000000	919,400	0.00
Total					82,059.14

Column (4) & Column (5) The Losses Paid for Accident Years 1 and 2, respectively, are based on payout patterns provided by the DCRB for Delaware workers compensation insurance.

Example: Accident Year 1, Year 1 Payout

(0.1518 / 2) x 0.7939 x $1,000,000 = $60,257.39

INTERNAL RATE OF RETURN ANALYSIS
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TABLE IV: TAX CREDITS AVAILABLE FROM UNDERWRITING OPERATIONS
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Column (6) The IRS Discount Factors are a tabulation of discount factors published for carriers by the Internal Revenue Service.

Column (7) & Column (8) The Losses Discounted for Accident Years 1 and 2, respectively, are the change in discounted reserves for each accident year implied by the loss ratio, premium earnings pattern and IRS discount factors incorporated into the model.

Example: Accident Year 1, Year 2 Losses Discounted

Accident Year 1 Incurred at End of Year 2: $410,964.92
Accident Year 1 Paid Through Year 2:
$60,257.39 + 103,882.47 = $164,139.86
Accident Year 1 Undiscovered Reserve, Year 2:
$410,964.92 - 164,139.86 = $246,825.06
IRS Discount Factor: 0.8502
Accident Year 1 Discounted Reserve, Year 2:
$246,825.06 x 0.8502 = $209,843.51
Accident Year 1 Incurred at End of Year 1: $410,964.92
Accident Year 1 Paid Through Year 1: $60,257.39
Accident Year 1 Undiscounted Reserve, Year 1:
$410,964.92 - 60,257.39 = $350,707.53
IRS Discount Factor: 0.8678
Accident Year 1 Discounted Reserve, Year 1:
$350,707.53 x 0.8678 = $304,352.06

Change in Discounted Reserves, Year 1 to 2:
$209,843.51 - $304,352.06 = ($94,508.55)

Column (9) Tax Credits are computed as follows:

Underwriting Tax Rate X

(- Written Premium
+ 0.8 x Change in Unearned Premium
+ Expenses Paid
+ Losses Paid
+ Change in Discounted Loss Reserve)

ASSIGNED RISK
INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE - 2026
TABLE IV: TAX CREDITS AVAILABLE FROM UNDERWRITING OPERATIONS

YEAR	(1) PREMIUM WRITTEN (POST-DEV)	(2) CHANGE IN UNEARN PREM RESERVE	(3) EXPENSES	(4) LOSSES PAID ACCIDENT YEAR 1	(5) LOSSES PAID ACCIDENT YEAR 2	(6) IRS DISCOUNT FACTOR	(7) LOSSES DISCOUNTED ACCIDENT YEAR 1	(8) LOSSES DISCOUNTED ACCIDENT YEAR 2	(9) TAX CREDITS
-1	0.00	0.00	2.22	0.00	0.00	0	0.00	0.00	0.47
1	919,400.00	439,932.90	82,059.14	60,257.39	0.00	0.8678	304,352.06	0.00	-25,364.87
2	0.00	-439,932.90	64,779.62	103,882.47	93,561.70	0.8502	-94,508.55	248,476.68	13,491.58
3	0.00	0.00	10,137.09	75,579.76	76,214.88	0.8431	-65,464.71	-69,849.83	5,589.61
4	0.00	0.00	1,108.81	48,388.51	58,629.88	0.8373	-41,510.19	-50,914.86	3,297.45
5	0.00	0.00	520.76	27,429.42	35,844.81	0.8406	-22,649.59	-30,892.52	2,153.11
6	0.00	0.00	102.43	15,044.50	21,316.35	0.8332	-13,247.79	-17,534.78	1,192.95
7	0.00	0.00	80.58	9,407.77	13,218.52	0.8399	-7,356.62	-11,718.15	762.74
8	0.00	0.00	68.27	6,708.50	8,931.43	0.8575	-4,506.45	-6,951.67	892.51
9	0.00	0.00	60.29	5,398.55	6,668.80	0.8742	-3,643.89	-4,451.51	846.77
10	0.00	0.00	54.65	4,644.34	5,358.86	0.8851	-3,471.36	-3,588.59	629.56
11	0.00	0.00	50.43	4,009.22	4,485.56	0.9003	-2,786.67	-3,317.03	512.72
12	0.00	0.00	47.14	3,612.27	3,929.83	0.9158	-2,528.63	-2,693.52	497.09
13	0.00	0.00	44.49	3,294.71	3,532.88	0.9317	-2,329.69	-2,432.51	443.07
14	0.00	0.00	0.00	0.00	3,215.32	0.9479	702.97	-2,230.52	354.43
15	0.00	0.00	0.00	2,818.36	2,977.14	0.9645	-2,000.80	-2,091.98	357.57
16	0.00	0.00	0.00	2,619.89	2,778.67	0.9812	-1,891.97	-1,984.22	319.70
17	0.00	0.00	0.00	2,500.80	2,580.19	0.9825	-2,409.91	-1,874.31	167.32
18	0.00	0.00	0.00	2,381.72	2,461.11	0.9825	-2,339.95	-2,372.44	27.39
19	0.00	0.00	0.00	2,262.63	2,342.02	0.9825	-2,222.95	-2,300.95	16.96
20	0.00	0.00	0.00	2,143.54	2,222.93	0.9825	-2,105.95	-2,183.95	16.08
21	0.00	0.00	0.00	2,024.46	2,103.85	0.9825	-1,988.95	-2,066.95	15.20
22	0.00	0.00	0.00	1,905.37	1,984.76	0.9825	-1,871.96	-1,949.96	14.33
23	0.00	0.00	0.00	1,786.29	1,865.68	0.9825	-1,754.96	-1,832.96	13.45
24	0.00	0.00	0.00	1,667.20	1,746.59	0.9825	-1,637.96	-1,715.96	12.57
25	0.00	0.00	0.00	1,548.11	1,627.51	0.9825	-1,520.97	-1,598.96	11.70
26	0.00	0.00	0.00	1,468.72	1,548.11	0.9825	-1,442.97	-1,520.97	11.11
27	0.00	0.00	0.00	1,389.33	1,468.72	0.9825	-1,364.97	-1,442.97	10.53
28	0.00	0.00	0.00	1,309.94	1,389.33	0.9825	-1,286.97	-1,364.97	9.94
29	0.00	0.00	0.00	1,230.55	1,309.94	0.9825	-1,208.97	-1,286.97	9.36
30	0.00	0.00	0.00	1,151.16	1,230.55	0.9825	-1,130.97	-1,208.97	8.77
31	0.00	0.00	0.00	1,071.77	1,151.16	0.9825	-1,052.98	-1,130.97	8.19
32	0.00	0.00	0.00	992.38	1,071.77	0.9825	-974.98	-1,052.98	7.60
33	0.00	0.00	0.00	912.99	992.38	0.9825	-896.98	-974.98	7.02
34	0.00	0.00	0.00	912.99	912.99	0.9825	-896.98	-896.98	6.72
35	0.00	0.00	0.00	873.30	873.30	0.9825	-857.98	-857.98	6.43
36	0.00	0.00	0.00	833.60	833.60	0.9825	-818.98	-818.98	6.14
37	0.00	0.00	0.00	793.91	793.91	0.9825	-779.98	-779.98	5.85
38	0.00	0.00	0.00	754.21	754.21	0.9825	-740.98	-740.98	5.56
39	0.00	0.00	0.00	714.51	714.51	0.9825	-701.98	-701.98	5.26
40	0.00	0.00	0.00	674.82	674.82	0.9825	-662.98	-662.98	4.97
41	0.00	0.00	0.00	635.12	635.12	0.9825	-623.99	-623.99	4.68
42	0.00	0.00	0.00	595.43	595.43	0.9825	-584.99	-584.99	4.39
43	0.00	0.00	0.00	555.73	555.73	0.9825	-545.99	-545.99	4.09
44	0.00	0.00	0.00	516.04	516.04	0.9825	-506.99	-506.99	3.80
45	0.00	0.00	0.00	476.34	476.34	0.9825	-467.99	-467.99	3.51
46	0.00	0.00	0.00	436.65	436.65	0.9825	-428.99	-428.99	3.22
47	0.00	0.00	0.00	396.95	396.95	0.9825	-389.99	-389.99	2.92
48	0.00	0.00	0.00	357.26	357.26	0.9825	-350.99	-350.99	2.63
49	0.00	0.00	0.00	317.56	317.56	0.9825	-311.99	-311.99	2.34
50	0.00	0.00	0.00	277.87	277.87	0.9825	-272.99	-272.99	2.05
	919,400.00		159,115.92	410,964.92	379,883.54				

SOURCES: COL. 1: TABLE IV
COL. 2: COL. 1
COL. 3: COLS. 3, 4, 5, 6 & 7, TABLE III; AND TABLE IV
COLS. 4 & 5: WEIGHTS FOR ACCIDENT YEAR DISTRIBUTION:
SEE ACCIDENT YEAR DISTRIBUTION

COL. 6: U. S. INTERNAL REVENUE SERVICE DISCOUNT FACTORS
COLS. 7 & 8: CHANGE IN DISCOUNTED OUTSTANDING USING IRS FACTORS
COL. 9: .21 x (COL. 1 - (.8 x COL. 2) - COL. 4 - COL. 5 - COL 7 - COL. 8)

INTERNAL RATE OF RETURN ANALYSIS
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TABLE V: NET CASH FLOWS FROM UNDERWRITING

Column (1) The Premium Flow Net of Reserves is Column (8) of Table III.

Column (2) Tax Credits from Underwriting is a quarterly flow of those credits in Column (9) in

Column (3) Expenses show a quarterly flow of Expenses prepared in the same fashion as the annual flows in Column (3) of Table IV.

Column (4) Dividends are not used in this model as no provision has been made for dividends in this analysis.

Column (5) Net Cash Flow from Underwriting is computed by adding Column (1) and Column (2) and subtracting Column (3).

ASSIGNED RISK
INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE - 2026
TABLE V: NET CASH FLOWS FROM UNDERWRITING

TIME FROM	INTERVAL TO	(1) PREMIUM FLOW NET OF RESERVES	(2) TAX CREDITS FROM UNDERWRITING	(3) EXPENSES	(4) DIVIDENDS	(5) NET CASH FLOW FROM UNDERWRITING
-1.00	-0.75	0.00	0.12	0.00	0.00	0.12
-0.75	-0.50	0.00	0.12	0.29	0.00	-0.17
-0.50	-0.25	0.00	0.12	0.77	0.00	-0.66
-0.25	0.00	0.00	0.12	1.16	0.00	-1.04
0.00	0.25	21,567.66	-6,341.22	12,337.58	0.00	2,888.86
0.25	0.50	-19,885.12	-6,341.22	17,860.34	0.00	-44,086.68
0.50	0.75	-13,799.75	-6,341.22	24,302.61	0.00	-44,443.58
0.75	1.00	77,562.86	-6,341.22	27,558.60	0.00	43,663.04
1.00	1.25	27,081.82	3,372.89	23,183.90	0.00	7,270.81
1.25	1.50	19,313.68	3,372.89	17,885.82	0.00	4,800.75
1.50	1.75	10,579.23	3,372.89	14,422.10	0.00	-469.98
1.75	2.00	3,074.63	3,372.89	9,287.80	0.00	-2,840.28
2.00	2.25	-70,764.13	1,397.40	4,835.11	0.00	-74,201.84
2.25	2.50	24,990.87	1,397.40	2,627.43	0.00	23,760.84
2.50	2.75	16,643.40	1,397.40	1,749.81	0.00	16,290.99
2.75	3.00	8,795.66	1,397.40	924.74	0.00	9,268.33
3.00	3.25	4,056.26	824.36	426.46	0.00	4,454.17
3.25	3.50	2,711.99	824.36	285.13	0.00	3,251.22
3.50	3.75	2,075.23	824.36	218.18	0.00	2,681.41
3.75	4.00	1,702.98	824.36	179.04	0.00	2,348.30
4.00	4.25	1,458.29	538.28	153.32	0.00	1,843.25
4.25	4.50	1,284.87	538.28	135.09	0.00	1,688.06
4.50	4.75	1,155.33	538.28	121.47	0.00	1,572.14
4.75	5.00	1,054.74	538.28	110.89	0.00	1,482.13
5.00	6.00	974.27	1,192.95	102.43	0.00	2,064.79
6.00	7.00	766.43	762.74	80.58	0.00	1,448.59
7.00	8.00	649.31	892.51	68.27	0.00	1,473.56
8.00	9.00	573.41	846.77	60.29	0.00	1,359.89
9.00	10.00	519.81	629.56	54.65	0.00	1,094.72
10.00	11.00	479.70	512.72	50.43	0.00	941.99
11.00	12.00	448.40	497.09	47.14	0.00	898.35
12.00	13.00	423.19	443.07	44.49	0.00	821.77
13.00	14.00	0.00	354.43	0.00	0.00	354.43
14.00	15.00	0.00	357.57	0.00	0.00	357.57
15.00	16.00	0.00	319.70	0.00	0.00	319.70
16.00	17.00	0.00	167.32	0.00	0.00	167.32
17.00	18.00	0.00	27.39	0.00	0.00	27.39
18.00	19.00	0.00	16.96	0.00	0.00	16.96
19.00	20.00	0.00	16.08	0.00	0.00	16.08
20.00	21.00	0.00	15.20	0.00	0.00	15.20
21.00	22.00	0.00	14.33	0.00	0.00	14.33
22.00	23.00	0.00	13.45	0.00	0.00	13.45
23.00	24.00	0.00	12.57	0.00	0.00	12.57
24.00	25.00	0.00	11.70	0.00	0.00	11.70
25.00	26.00	0.00	11.11	0.00	0.00	11.11
26.00	27.00	0.00	10.53	0.00	0.00	10.53
27.00	28.00	0.00	9.94	0.00	0.00	9.94
28.00	29.00	0.00	9.36	0.00	0.00	9.36
29.00	30.00	0.00	8.77	0.00	0.00	8.77
30.00	31.00	0.00	8.19	0.00	0.00	8.19
31.00	32.00	0.00	7.60	0.00	0.00	7.60
32.00	33.00	0.00	7.02	0.00	0.00	7.02
33.00	34.00	0.00	6.72	0.00	0.00	6.72
34.00	35.00	0.00	6.43	0.00	0.00	6.43
35.00	36.00	0.00	6.14	0.00	0.00	6.14
36.00	37.00	0.00	5.85	0.00	0.00	5.85
37.00	38.00	0.00	5.56	0.00	0.00	5.56
38.00	39.00	0.00	5.26	0.00	0.00	5.26
39.00	40.00	0.00	4.97	0.00	0.00	4.97
40.00	41.00	0.00	4.68	0.00	0.00	4.68
41.00	42.00	0.00	4.39	0.00	0.00	4.39
42.00	43.00	0.00	4.09	0.00	0.00	4.09
43.00	44.00	0.00	3.80	0.00	0.00	3.80
44.00	45.00	0.00	3.51	0.00	0.00	3.51
45.00	46.00	0.00	3.22	0.00	0.00	3.22
46.00	47.00	0.00	2.92	0.00	0.00	2.92
47.00	48.00	0.00	2.63	0.00	0.00	2.63
48.00	49.00	0.00	2.34	0.00	0.00	2.34
49.00	50.00	0.00	2.05	0.00	0.00	2.05
				159,115.92		-27,202.40

INTERNAL RATE OF RETURN ANALYSIS
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TABLE VI: DERIVATION OF FUNDS IN SURPLUS ACCOUNT

Column (1) Loss and Loss Adjustment Reserves is the difference between Losses Incurred (Column (5), Table III) and Losses Paid (Columns (4) and (5), Table IV).

Example: $414,021.46 - 60,257.39 = $353,764.07

Column (2) Unearned Premium Reserves is Column (6) of Table III.

Column (3) Admitted Agents Balances is Column (4) of Table III.

Column (4) Cash Level is computed by adding Columns (1) and (2) and subtracting Column (3).

Example: $353,764.07 + 439,932.9 - 670,368.23 = $123,328.73

Column (5) Funds in Surplus Account is derived by adding Columns (1) and (2) and dividing that total by the reserve-to-surplus ratio used in the model, in this case, 1.90.

Example: ($353,764.07 + 439,932.9) / 1.9 = $417,735.25

ASSIGNED RISK
INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE - 2026
TABLE VI: DERIVATION OF FUNDS IN SURPLUS ACCOUNT

TIME FROM	INTERVAL TO	(1) LOSS AND LOSS ADJ. RESERVES	(2) UNEARNED PREMIUM RESERVES	(3) ADMITTED AGENTS BALANCES	(4) CASH LEVEL	(5) FUNDS IN SURPLUS ACCOUNT
-1.00	-0.75	0.00	0.00	0.00	0.00	0.00
-0.75	-0.50	0.00	0.00	-2.76	2.76	0.00
-0.50	-0.25	0.00	0.00	-10.12	10.12	0.00
-0.25	0.00	0.00	0.00	-21.16	21.16	0.00
0.00	0.25	16,997.51	185,259.10	227,864.35	-25,607.74	106,450.85
0.25	0.50	79,811.27	360,128.98	426,945.96	12,994.29	231,547.50
0.50	0.75	194,871.92	470,640.86	573,568.83	91,943.95	350,269.88
0.75	1.00	353,764.07	439,932.90	670,368.23	123,328.73	417,735.25
1.00	1.25	475,727.72	241,526.38	477,214.43	240,039.68	377,502.16
1.25	1.50	548,548.66	100,030.72	326,636.18	321,943.20	341,357.57
1.50	1.75	566,113.81	22,525.30	201,185.90	387,453.21	309,810.06
1.75	2.00	536,203.44	0.00	116,753.40	419,450.04	282,212.34
2.00	2.25	498,254.78	0.00	0.00	498,254.78	262,239.36
2.25	2.50	460,306.12	0.00	0.00	460,306.12	242,266.38
2.50	2.75	422,357.46	0.00	0.00	422,357.46	222,293.40
2.75	3.00	384,408.80	0.00	0.00	384,408.80	202,320.42
3.00	3.25	357,654.20	0.00	0.00	357,654.20	188,239.05
3.25	3.50	330,899.60	0.00	0.00	330,899.60	174,157.69
3.50	3.75	304,145.01	0.00	0.00	304,145.01	160,076.32
3.75	4.00	277,390.41	0.00	0.00	277,390.41	145,994.95
4.00	4.25	261,571.85	0.00	0.00	261,571.85	137,669.39
4.25	4.50	245,753.29	0.00	0.00	245,753.29	129,343.84
4.50	4.75	229,934.74	0.00	0.00	229,934.74	121,018.28
4.75	5.00	214,116.18	0.00	0.00	214,116.18	112,692.73
5.00	6.00	177,755.33	0.00	0.00	177,755.33	93,555.44
6.00	7.00	155,129.04	0.00	0.00	155,129.04	81,646.86
7.00	8.00	139,489.11	0.00	0.00	139,489.11	73,415.32
8.00	9.00	127,421.75	0.00	0.00	127,421.75	67,064.08
9.00	10.00	117,418.55	0.00	0.00	117,418.55	61,799.24
10.00	11.00	108,923.77	0.00	0.00	108,923.77	57,328.30
11.00	12.00	101,381.67	0.00	0.00	101,381.67	53,358.77
12.00	13.00	94,554.09	0.00	0.00	94,554.09	49,765.31
13.00	14.00	88,282.24	0.00	0.00	88,282.24	46,464.33
14.00	15.00	82,486.73	0.00	0.00	82,486.73	43,414.07
15.00	16.00	77,088.18	0.00	0.00	77,088.18	40,572.72
16.00	17.00	72,007.18	0.00	0.00	72,007.18	37,898.52
17.00	18.00	67,164.36	0.00	0.00	67,164.36	35,349.66
18.00	19.00	62,559.71	0.00	0.00	62,559.71	32,926.17
19.00	20.00	58,193.24	0.00	0.00	58,193.24	30,628.02
20.00	21.00	54,064.93	0.00	0.00	54,064.93	28,455.23
21.00	22.00	50,174.80	0.00	0.00	50,174.80	26,407.79
22.00	23.00	46,522.83	0.00	0.00	46,522.83	24,485.70
23.00	24.00	43,109.04	0.00	0.00	43,109.04	22,688.97
24.00	25.00	39,933.42	0.00	0.00	39,933.42	21,017.59
25.00	26.00	36,916.58	0.00	0.00	36,916.58	19,429.78
26.00	27.00	34,058.52	0.00	0.00	34,058.52	17,925.54
27.00	28.00	31,359.25	0.00	0.00	31,359.25	16,504.87
28.00	29.00	28,818.75	0.00	0.00	28,818.75	15,167.76
29.00	30.00	26,437.04	0.00	0.00	26,437.04	13,914.23
30.00	31.00	24,214.10	0.00	0.00	24,214.10	12,744.26
31.00	32.00	22,149.95	0.00	0.00	22,149.95	11,657.87
32.00	33.00	20,244.58	0.00	0.00	20,244.58	10,655.04
33.00	34.00	18,418.60	0.00	0.00	18,418.60	9,694.00
34.00	35.00	16,672.00	0.00	0.00	16,672.00	8,774.74
35.00	36.00	15,004.80	0.00	0.00	15,004.80	7,897.27
36.00	37.00	13,416.99	0.00	0.00	13,416.99	7,061.58
37.00	38.00	11,908.57	0.00	0.00	11,908.57	6,267.67
38.00	39.00	10,479.55	0.00	0.00	10,479.55	5,515.55
39.00	40.00	9,129.91	0.00	0.00	9,129.91	4,805.21
40.00	41.00	7,859.66	0.00	0.00	7,859.66	4,136.66
41.00	42.00	6,668.80	0.00	0.00	6,668.80	3,509.90
42.00	43.00	5,557.33	0.00	0.00	5,557.33	2,924.91
43.00	44.00	4,525.26	0.00	0.00	4,525.26	2,381.71
44.00	45.00	3,572.57	0.00	0.00	3,572.57	1,880.30
45.00	46.00	2,699.28	0.00	0.00	2,699.28	1,420.67
46.00	47.00	1,905.37	0.00	0.00	1,905.37	1,002.83
47.00	48.00	1,190.86	0.00	0.00	1,190.86	626.77
48.00	49.00	555.73	0.00	0.00	555.73	292.49
49.00	50.00	0.00	0.00	0.00	0.00	0.00

INTERNAL RATE OF RETURN ANALYSIS
EXPLANATORY NOTES

TABLE VII: NOMINAL CASH FLOWS TO INVESTORS

Column (1) Net Cash Flow Underwriting is Column (5) of Table V.

Column (2) Cash Pre-Tax Income is computed by multiplying the pre-tax investment yield rate times the periodic average Cash Level from Column (4), Table VI.

Example: ($91,943.95 + 123,328.73) / 2 = $107,636.34
$107,636.34 x 0.068487551 / 4 = $1,842.94

Column (3) Cash Income Taxes is computed by multiplying the investment income tax rate times the periodic average Cash Level from Column (4), Table VI.

Example: ($91,943.95 + 123,328.73) / 2 = $107,636.34
$107,636.34 x 0.003055896 / 4 = $328.93

Column (4) Net Flow from Surplus is the periodic change in Surplus Balance posted in Column (5) of Table VI.

Example: $350,269.88 - 417,735.25 = ($67,465.36)

Column (5) Surplus Pre-Tax Income is computed by applying the pre-tax investment yield to average periodic surplus balance computed from Column (5) of Table VI.

Example: ($350,269.88 + 417,735.25) / 2 = $384,002.57
$384,002.57 x 0.068487551 / 4 = $6,574.85

Column (6) Surplus Income Taxes is the product of the investment income tax rate and the average periodic surplus balance computed from Column (5) of Table VI.

Example: ($350,269.88 + 417,735.25) / 2 = $384,002.57
$384,002.57 x 0.012223583 / 4 = $1,173.47

Column (7) Net Cash Flow is the sum of Columns (1) through (6) and represents the net flows to investors which result in a rate of return of 11.00% to investors in the insurance company as required by the Internal Rate of Return Model.

Example: $43,663.04 + 1,842.94 - 328.93 - 67,465.36 + 6,574.85 - 1,173.47 = ($16,886.93)

ASSIGNED RISK
INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE - 2026
TABLE VII: NOMINAL CASH FLOWS TO INVESTORS

TIME FROM	INTERVAL TO	(1) NET CASH FLOW FROM UNDERWRITING	(2) CASH PRE-TAX INCOME	(3) CASH INCOME TAXES	(4) NET FLOW FOR SURPLUS ACCOUNT	(5) SURPLUS PRE-TAX INCOME	(6) SURPLUS INCOME TAXES	(7) NET CASH FLOW
-1.00	-0.75	0.12	0.00	0.00	0.00	0.00	0.00	0.12
-0.75	-0.50	-0.17	0.02	0.00	0.00	0.00	0.00	-0.15
-0.50	-0.25	-0.66	0.11	-0.02	0.00	0.00	0.00	-0.57
-0.25	0.00	-1.04	0.27	-0.05	0.00	0.00	0.00	-0.82
0.00	0.25	2,888.86	-219.05	39.09	-106,450.85	911.32	-162.65	-102,993.27
0.25	0.50	-44,086.68	-107.98	19.27	-125,096.65	2,893.58	-516.44	-166,894.90
0.50	0.75	-44,443.58	898.37	-160.34	-118,722.39	4,980.91	-888.99	-158,336.01
0.75	1.00	43,663.04	1,842.94	-328.93	-67,465.36	6,574.85	-1,173.47	-16,886.93
1.00	1.25	7,270.81	3,110.78	-555.21	40,233.09	6,807.98	-1,215.08	55,652.37
1.25	1.50	4,800.75	4,811.10	-858.68	36,144.59	6,154.12	-1,098.38	49,953.51
1.50	1.75	-469.98	6,073.10	-1,083.92	31,547.51	5,574.61	-994.95	40,646.37
1.75	2.00	-2,840.28	6,907.85	-1,232.91	27,597.72	5,068.27	-904.58	34,596.08
2.00	2.25	-74,201.84	7,856.42	-1,402.21	19,972.98	4,661.02	-831.89	-43,945.52
2.25	2.50	23,760.84	8,206.19	-1,464.63	19,972.98	4,319.05	-770.86	54,023.56
2.50	2.75	16,290.99	7,556.43	-1,348.66	19,972.98	3,977.07	-709.82	45,738.98
2.75	3.00	9,268.33	6,906.68	-1,232.70	19,972.98	3,635.10	-648.79	37,901.60
3.00	3.25	4,454.17	6,352.76	-1,133.83	14,081.37	3,343.56	-596.75	26,501.26
3.25	3.50	3,251.22	5,894.67	-1,052.07	14,081.37	3,102.46	-553.72	24,723.92
3.50	3.75	2,681.41	5,436.58	-970.32	14,081.37	2,861.36	-510.69	23,579.71
3.75	4.00	2,348.30	4,978.49	-888.56	14,081.37	2,620.26	-467.66	22,672.20
4.00	4.25	1,843.25	4,614.03	-823.51	8,325.56	2,428.43	-433.42	15,954.33
4.25	4.50	1,688.06	4,343.18	-775.17	8,325.56	2,285.89	-407.98	15,459.53
4.50	4.75	1,572.14	4,072.34	-726.83	8,325.56	2,143.34	-382.54	15,004.00
4.75	5.00	1,482.13	3,801.49	-678.49	8,325.56	2,000.79	-357.10	14,574.38
5.00	6.00	2,064.79	13,419.16	-2,395.04	19,137.29	7,062.72	-1,260.55	38,028.37
6.00	7.00	1,448.59	11,399.22	-2,034.52	11,908.58	5,999.59	-1,070.80	27,650.65
7.00	8.00	1,473.56	10,088.84	-1,800.64	8,231.54	5,309.91	-947.71	22,355.50
8.00	9.00	1,359.89	9,140.04	-1,631.30	6,351.24	4,810.55	-858.58	19,171.83
9.00	10.00	1,094.72	8,384.26	-1,496.41	5,264.84	4,412.77	-787.59	16,872.59
10.00	11.00	941.99	7,750.82	-1,383.36	4,470.94	4,079.38	-728.08	15,131.68
11.00	12.00	898.35	7,201.65	-1,285.34	3,969.53	3,790.34	-676.50	13,898.03
12.00	13.00	821.77	6,709.58	-1,197.52	3,593.46	3,531.36	-630.27	12,828.39
13.00	14.00	354.43	6,261.01	-1,117.46	3,300.97	3,295.27	-588.14	11,506.08
14.00	15.00	357.57	5,847.77	-1,043.70	3,050.27	3,077.78	-549.32	10,740.37
15.00	16.00	319.70	5,464.45	-975.29	2,841.34	2,876.02	-513.31	10,012.92
16.00	17.00	167.32	5,105.59	-911.24	2,674.21	2,687.15	-479.60	9,243.43
17.00	18.00	27.39	4,765.76	-850.59	2,548.85	2,508.29	-447.68	8,552.03
18.00	19.00	16.96	4,442.24	-792.85	2,423.50	2,338.02	-417.29	8,010.59
19.00	20.00	16.08	4,135.04	-738.02	2,298.15	2,176.34	-388.43	7,499.15
20.00	21.00	15.20	3,844.14	-686.10	2,172.79	2,023.23	-361.10	7,008.17
21.00	22.00	14.33	3,569.56	-637.09	2,047.44	1,878.72	-335.31	6,537.64
22.00	23.00	13.45	3,311.29	-591.00	1,922.09	1,742.79	-311.05	6,087.57
23.00	24.00	12.57	3,069.33	-547.81	1,796.73	1,615.44	-288.32	5,657.94
24.00	25.00	11.70	2,843.69	-507.54	1,671.38	1,496.68	-267.13	5,248.78
25.00	26.00	11.11	2,631.63	-469.69	1,587.81	1,385.07	-247.21	4,898.73
26.00	27.00	10.53	2,430.46	-433.79	1,504.24	1,279.19	-228.31	4,562.32
27.00	28.00	9.94	2,240.15	-399.82	1,420.67	1,179.03	-210.43	4,239.54
28.00	29.00	9.36	2,060.72	-367.80	1,337.10	1,084.59	-193.58	3,930.40
29.00	30.00	8.77	1,892.17	-337.71	1,253.53	995.88	-177.74	3,634.89
30.00	31.00	8.19	1,734.49	-309.57	1,169.97	912.89	-162.93	3,353.03
31.00	32.00	7.60	1,587.68	-283.37	1,086.40	835.62	-149.14	3,084.79
32.00	33.00	7.02	1,451.75	-259.11	1,002.83	764.08	-136.37	2,830.19
33.00	34.00	6.72	1,323.97	-236.30	961.04	696.83	-124.37	2,627.90
34.00	35.00	6.43	1,201.63	-214.47	919.26	632.44	-112.88	2,432.42
35.00	36.00	6.14	1,084.73	-193.60	877.47	570.91	-101.90	2,243.76
36.00	37.00	5.85	973.27	-173.71	835.69	512.25	-91.43	2,061.92
37.00	38.00	5.56	867.24	-154.78	793.90	456.44	-81.47	1,886.90
38.00	39.00	5.26	766.65	-136.83	752.12	403.50	-72.02	1,718.69
39.00	40.00	4.97	671.50	-119.85	710.34	353.42	-63.08	1,557.30
40.00	41.00	4.68	581.79	-103.84	668.55	306.20	-54.65	1,402.73
41.00	42.00	4.39	497.51	-88.79	626.77	261.85	-46.73	1,254.98
42.00	43.00	4.09	418.67	-74.72	584.98	220.35	-39.33	1,114.05
43.00	44.00	3.80	345.27	-61.62	543.20	181.72	-32.43	979.93
44.00	45.00	3.51	277.30	-49.49	501.41	145.95	-26.05	852.63
45.00	46.00	3.22	214.77	-38.33	459.63	113.04	-20.17	732.15
46.00	47.00	2.92	157.68	-28.14	417.84	82.99	-14.81	618.48
47.00	48.00	2.63	106.03	-18.92	376.06	55.80	-9.96	511.64
48.00	49.00	2.34	59.81	-10.67	334.28	31.48	-5.62	411.61
49.00	50.00	2.05	19.03	-3.40	292.49	10.02	-1.79	318.40

INTERNAL RATE OF RETURN ANALYSIS
EXPLANATORY NOTES

DELAWARE PRE & POST TAX RETURNS
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Column (1) Invested Assets
Categories taken from Best's Aggregates and Averages with values as of December 31, 2024

Column (2) 12/31/24 Market Values
Treasuries, Exempt Bonds, Bonds for Unaffiliated and Affiliated Companies, Preferred Stock for Unaffiliated and Affiliated Companies and Common Stock for Unaffiliated and Affiliated Companies all taken from 2025 Best's Aggregates and Averages, Industry Total Schedule D.

Column (3) Pre-Tax Return
Treasuries based on yields by Maturity published in Federal Reserve Statistical Release H. 15 (June 25, 2026), weighted by loss payout pattern provided by the DCRB for Delaware workers compensation insurance.

Exempt Bonds based on yields by Maturity published in Bond Buyer, Municipal Market Statistics (June 15, 2026).

Bonds based on yields published by the Federal Reserve Bank of St. Louis (June 19, 2026).

Preferred stock yields are from Preferred Stocks of Utilities (June 28, 2026), Preferred Stock Channel.

Common Stock Yield based on three-month Treasury Bill rate (Federal Reserve Statistical Release H. 15 (June 25, 2026)) plus Ibbotson Differential (2025 Ibbotson SBBI, updated with 2025 data from S&P Global and Federal Reserve) .

Mortgages based on yields published by the Federal Reserve Bank of St. Louis (June 25, 2026).

Real Estate Yield based on three-month Treasury Bill rate (Federal Reserve) plus Ibbotson Differential (FTSE Nareit U.S. Real Estate Index & Bill rate Federal Reserve Bank of St. Louis, June 25th, 2026).

Cash & Short Term Investment yield based on the Federal Funds (effective) rate, Federal Resere Bank of St. Louis (June 25, 2026).

Column (4) Investment Gain
Product of 12/31/24 Market Value times Pre-Tax Return expressed as a decimal value by asset type.

INTERNAL RATE OF RETURN ANALYSIS
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DELAWARE PRE & POST TAX RETURNS
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Column (5) Tax Rate
(Percent Taxable x .21) + ((1.0 - Percent Taxable) x .25 x .21)

Percent Taxable Treasuries, Unaffiliated Bonds, Mortgages & Real Estate and Cash & Short Term Investments all assumed to be 100% taxable.

Exempt Bonds, Bonds in Affiliated Companies and Preferred Stock in Affiliated Companies all assumed to be tax-free.

Preferred Stock in Unaffiliated Companies: 50% of dividend income taxable per Tax Cuts and Jobs Act of 2017; all income attributed to dividends for preferred stock.

Common Stock of Affiliated Companies: 100% of capital gains in affiliated companies subject to income tax. Portion of common stock income attributed to capital gains is 0.6853. 25% of the otherwise exempt portion (0.3147) is subject to tax.

Common Stock of Unaffiliated Companies: Capital gains are taxed at the full rate, 50% of dividends are taxed at the full rate, and 25% of the remaining dividends (50 percent) are subject to tax. (0.6853 x 0.21) + (0.50 x 0.21 x 0.3147) + (0.50 x 0.3223 x 0.25 x 0.21) = 0.1852. Portions of common stock income attributable to dividend and capital gains from Duff & Phelps' 2024 SBBI Ibbotson (Large Company Stocks, Arithmetic Mean).

Column (6) Post Tax Return
Pre-Tax Return x (1.0 - Tax Rate)

INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE - 2026
PRE & POST TAX RETURNS

Invested Assets (1)	Assets (2)	Pre Tax Return (3)	Investment Gain (4)	Tax Rate (5)	Post Tax Return (6)
Treasuries	234,841,467	4.17	9,803,462	0.21000	3.297857
Exempt Bonds	364,817,239	4.08	14,884,543	0.05250	3.865800
Bonds (Unaffil)	749,657,253	5.14	38,557,371	0.21000	4.063233
Bonds (Affiliated)	4,604,201	5.14	236,809	0.05250	4.873308
Prefer Stk (Unaff)	6,622,270	9.52	630,219	0.13125	8.267604
Prefer Stk (Affil)	8,640,916	9.52	822,327	0.05250	9.017042
Common Stk (Unaff)	484,761,843	13.42	65,055,039	0.18522	10.934383
Common Stock (Affil)	124,964,167	13.42	16,770,191	0.16043	11.266966
Mortgage Loans	31,541,491	6.66	2,101,715	0.21000	5.264033
Real Estate	12,663,716	9.94	1,258,351	0.21000	7.849967
Cash and ST Invest	294,935,447	4.34	12,810,030	0.21000	3.431233
Average or Total	2,318,050,010		162,930,059		5.768597

1. Assets are from the latest (2025) Best's A&A, Market Value December 31, 2024
2. The yields shown are an average of the June 2026, June 2025, and June 2024 yields used in prior filings, which come from the following sources:

a) Treasuries and Cash & Short Term Invest are from: from Federal Reserve Bank , Selected Interest Rates (Daily) - H.15, June 25th, 2026.

b) Exempt Bonds are from: Bond Buyer, Municipal Market Statistics, Bond Buyer Index, general obligation, 20 years to maturity, mixed quality, June 15th, 2026.

c) Bonds (Unaffiliated and Affiliated) are Moody's Seasoned Aaa Corporate Bond Yield from Federal Reserve Bank of St. Louis, June 19th, 2026.

d) Preferred Stocks are from: Preferred Stocks of Utilities, June 28th, 2026, Preferred Stock Channel.

e) Mortgage Loans are from: Federal Reserve Bank of St. Louis, June 25th, 2026.

f) Common Stock: 3-month Treasury (3.84%) + Ibbotson Differential (8.99%).

g) Real Estate: 3-month Treasury (3.84%) + Real Estate Differential (7.27%)
Real Estate Differential Calculated using: FTSE Nareit U.S Real Estate Index return (1972-2025 average), Bill rate Federal Reserve Bank of St. Louis, June 25th, 2026.

PRE TAX WEIGHTED PORTFOLIO YIELD - INVEST EXPENSE = 6.8487551

POST TAX WEIGHTED YIELD - POST TAX EXPENSE = 5.6263968

INTERNAL RATE OF RETURN ANALYSIS
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DELAWARE COST OF CAPITAL

- All data taken from Value Line Investment Survey of May 31, 2025.

- All Property/Casualty Companies Selected with limited exceptions, such as reinsurers and carriers without any workers compensation insurance writings.

- Individual carrier inclusions/exclusions from selected list noted as having limited effect on indicated results.

- DCF FORECAST COST OF CAPITAL
  = 1.60% x (1.0 + 0.5 x 10.91%) + 10.91%
  = 1.69% + 10.91% = 12.59%

- DCF HISTORICAL COST OF CAPITAL
  = 1.60% x (1.0 + 0.5 x 9.16%) + 9.16%
  = 1.67% + 9.16% = 11.08%

- DCF DIVIDENDS ONLY COST OF CAPITAL
  = 1.60% x (1.0 + 0.5 x 3.50%) + 3.50%
  = 1.63% + 3.50% = 5.13%
  Note: 3.50% = Average (5.73%, 6.42%)

2026
DELAWARE
COST OF CAPITAL

COMPANY	BETA	YIELD	DIVIDEND PAST 5 YEARS	EARNINGS PAST 5 YEARS	EARNINGS FORECAST	DIVIDEND FORECAST	RETAINED TO EQUITY FORECAST
Allstate	0.90	2.0	15.0	-6.5	7.5	3.0	12.0
Arch Capital	0.95	0.0	0.0	34.0	6.5	0.0	12.0
Amer Fnl	0.95	2.6	12.0	4.5	7.0	10.5	9.5
Berkley	0.85	0.5	11.0	27.0	11.5	9.5	17.0
Chubb	0.85	1.3	4.0	20.0	9.5	6.5	11.5
Cinc Fnl	1.05	2.3	7.0	11.5	10.5	7.0	7.5
CNA Fnl	0.95	4.3	5.0	9.0	9.5	4.0	9.0
Erie	0.80	2.7	7.0	10.5	14.5	6.0	29.5
Fairfax Fnl	0.75	1.0	6.0	44.0	7.5	7.0	11.5
First American Financial	1.15	3.3	6.0	-16.5	18.0	2.0	10.0
Hanover	0.90	2.0	8.0	0.5	17.0	5.0	18.5
Kemper	1.10	4.2	3.5	-13.0	35.5	3.0	5.5
Kinsale	1.00	0.3	14.0	42.0	9.0	14.5	14.5
Markel	0.95	1.0	0.0	21.5	NA	0.0	6.5
Merc Gen	1.00	1.3	-10.0	-3.0	24.5	NA	32.5
Old Rep	0.95	3.1	5.5	8.0	11.0	6.0	9.5
Progressive	0.80	0.2	-0.5	17.0	8.0	NA	24.5
RLI Corp	0.80	1.3	4.5	20.0	3.5	8.0	11.0
Ryan Specialty	0.85	1.4	NA	NA	24.5	17.5	6.5
Selective	0.85	2.1	11.5	5.0	14.0	10.5	12.5
Travelers	0.85	1.6	5.0	16.5	7.5	2.0	12.0
	0.92	1.83	5.73	12.60	12.83	6.42	13.48

SOURCE: VALUE LINE INVESTMENT SURVEY, MAY 29, 2026

DCF COST OF CAPITAL

FORECAST

A. EARNINGS	12.83%
B. DIVIDEND	6.42%
C. FUNDAMENT	13.48%
FORECAST = (A+B+C)/3	10.91%
FORECAST COST OF CAPITAL	12.59%

HISTORICAL

A. EARNINGS	12.60%
B. DIVIDEND	5.73%
HISTORICAL = (A+B)/2	9.16%
HISTORICAL COST OF CAPITAL	11.08%
DIVIDENDS ONLY (GROWTH & HISTORICAL)	5.13%

2026
DELAWARE
COST OF CAPITAL

COMPANY	DEBT SHARE OF CAPITAL	LONG-TERM INTEREST ($ Millions)	LONG-TERM DEBT ($ Millions)	COST OF DEBT PRE-TAX (Interest/Debt)
Allstate	18.0	$445.0	$7,491.0	5.94%
Arch Capital	10.0	$148.0	$2,729.0	5.42%
Amer Fnl	28.0	$57.0	$1,820.0	3.13%
Berkley	23.0	$100.0	$2,841.0	3.52%
Chubb	20.0	$792.0	$17,895.0	4.43%
Cinc Fnl	5.0	$52.0	$859.0	6.05%
CNA Fnl	21.0	$110.0	$2,972.0	3.70%
Erie	0.0	$0.0	$0.0	0.00%
Fairfax Fnl	31.0	$745.0	$14,048.8	5.30%
First American Financial	22.0	$167.6	$1,545.2	10.85%
Hanover	19.0	$43.2	$793.7	5.44%
Kemper	26.0	$45.0	$944.0	4.77%
Kinsale	10.0	NA	$224.5	NA
Markel	19.0	NA	$4,382.8	NA
Merc Gen	18.0	NA	$574.6	NA
Old Rep	21.0	$35.0	$1,589.2	2.20%
Progressive	21.0	$505.0	$8,386.0	6.02%
RLI Corp	14.0	$9.4	$297.2	3.16%
Ryan Specialty	72.0	$228.0	$3,290.0	6.93%
Selective	20.0	$52.8	$901.4	5.86%
Travelers	22.0	NA	$9,268.0	NA
	0.21			4.87%

SOURCE: VALUE LINE INVESTMENT SURVEY, MAY 29, 2026

2026
DELAWARE
COST OF CAPITAL

A) CAPM COST OF CAPITAL	12.08%	= 3.84% + 0.85*(8.99%)
B) FORECAST COST OF EQUITY CAPITAL	12.59%	
C) COST OF EQUITY CAPITAL	12.34%	= (A+B) / 2
D) COST OF DEBT CAPITAL	3.84%	= 4.87% + (1 - 0.21)
E) DEBT SHARE OF CAPITAL	20.95%	
F) INSURANCE SHARE OF DEBT (ASSUMES THAT DEBT DOES NOT ENTIRELY RELATE TO INSURANCE OPERATIONS)	15.71%	= (E) * 75%
G) WEIGHTED AVERAGE COST OF CAPITAL	11.00%	= (3.84% * 0.1571) + (12.34% * (1 - 0.1571))

SOURCES:
A: CAPM: BETA - VALUE LINE INVESTMENT SURVEY MAY 19, 2026
RF - 3-MONTH TREASURY, FEDERAL RESERVE BANK SELECTED INTEREST RATES (DAILY) - H.15, JUNE 25TH, 2026. H.15
3.84%
RM - RF = SHORT HORIZON EQUITY RISK PREMIUM (S&P 500 RETURN TO 3-MONTH TREASURY BIL RATE, 1926 TO 2022 AVERAGE): IBBOTSON SBBI (2023), S&P GLOBAL, KROLL, FEDERAL RESERVE BANK ELECTED INTEREST RATES
8.99%

B: DCF: K = Y (1+0.5G) + G

Y IS THE CURRENT DIVIDEND YIELD (FROM VALUE LINE)
G IS THE DIVIDEND GROWTH RATE (FROM VALUE LINE)

D: COST OF DEBT CAPITAL: YIELD ON LONG-TERM DEBT, NET OF TAX DEDUCTION
= (LONG-TERM INTEREST)/(LONG-TERM DEBT) * (1 - 0.21)
SOURCE: VALUE LINE INVESTMENT SURVEY, MAY 29, 2026

E: DEBT SHARE OF CAPITAL: VALUE LINE INVESTMENT SURVEY MAY 29, 2026

INTERNAL RATE OF RETURN ANALYSIS
EXPLANATORY NOTES

DELAWARE RESERVE-TO-SURPLUS RATIOS

Columns (1)-(4)	Reserves and policyholder surplus for commercial casualty predominant carriers all taken from Best's Aggregates and Averages with values as of December 31, 2024.
Column (6)	Reserve-to-Surplus ratio is the sum of the reserves in columns (1) through (3) divided by the policyholder surplus in column (5). 2,190,991,372 + 476,809,901 + 904,007,116 = 3,571,808,389 3,571,808,389 / 1,881,390,409 = 1.9

STATE OF DELAWARE - 2026

INTERNAL RATE OF RETURN ANALYSIS
DELAWARE - 2026
RESERVE-TO-SURPLUS RATIO ($000 OMITTED)

	Reserves					Reserve to
Year	Unpaid Losses	Unpaid LAE	Unearned Premium	Total	Policyholder Surplus	Surplus Ratio
	(1)	(2)	(3)	(4) =(1)+(2)+(3)	(5)	(6) =(4)/(5)
2024	281,685,316	59,628,687	115,755,706	457,069,709	229,009,169	2.00
2023	256,372,016	54,377,852	105,513,788	416,263,656	210,558,344	1.98
2022	244,078,630	51,321,882	96,322,738	391,723,250	200,124,833	1.96
2021	228,459,570	48,775,145	98,954,979	376,189,694	199,495,575	1.89
2020	213,654,262	47,148,359	91,285,583	352,088,204	184,607,060	1.91
2019	201,634,477	45,253,873	88,025,958	334,914,308	177,424,154	1.89
2018	198,071,343	43,050,172	84,424,740	325,546,255	169,657,802	1.92
2017	194,692,095	42,696,647	77,537,150	314,925,892	171,664,964	1.83
2016	186,424,236	41,741,053	72,716,997	300,882,286	169,831,305	1.77
2015	185,919,427	42,816,231	73,469,477	302,205,135	169,017,203	1.79
Total	2,190,991,372	476,809,901	904,007,116	3,571,808,389	1,881,390,409	1.90

Source: AM Best's Aggregates & Averages - Property & Casualty
Commercial Casualty Composite