Exhibit 16
As Filed

DELAWARE COMPENSATION RATING BUREAU, INC.

Small Deductible Program

The attached exhibits review the impact of deductibles on loss costs and residual market manual rates. Indications suggest reductions in loss elimination ratios at all deductible levels. Staff selections for loss elimination ratios and premium credit factors are consistent with those indications.

2004 DELAWARE DEDUCTIBLE STUDY

Proposed Effective Date 12/1/04

Deduct. Level	Effect of Deductible on Losses	Selected	Loss Elimination Ratio	Current Loss Elimination Ratio
		(12)	(13)	(14)
500	0.9744	0.970	0.030	0.045
1,000	0.9543	0.950	0.050	0.070
1,500	0.9396	0.935	0.065	0.085
2,000	0.9280	0.920	0.080	0.100
2,500	0.9183	0.910	0.090	0.110
3,000	0.9098	0.900	0.100	0.120
3,500	0.9021	0.890	0.110	0.130
4,000	0.8951	0.885	0.115	0.140
4,500	0.8886	0.880	0.120	0.150
5,000	0.8826	0.875	0.125	0.155

Deduct. Level	Effect of Deductible on Man.Rate	Selected	Premium Credit	Current Premium Credit
		(15)	(16)	(17)
500	0.9790	0.975	0.025	0.035
1,000	0.9625	0.960	0.040	0.050
1,500	0.9504	0.945	0.055	0.065
2,000	0.9409	0.935	0.065	0.075
2,500	0.9329	0.925	0.075	0.085
3,000	0.9259	0.920	0.080	0.095
3,500	0.9196	0.910	0.090	0.105
4,000	0.9139	0.905	0.095	0.110
4,500	0.9086	0.900	0.100	0.115
5,000	0.9036	0.895	0.105	0.120

2004 DELAWARE DEDUCTIBLE STUDY

Loss Range		Total Incurred Losses (1)	Adj Factor (2) a	Adj Factor (3) b	Adjusted Losses (1)*(2)*(3) (4)
0 -	499	3,628,818	1.000	0.9996	3,627,366
500 -	999	10,828,890	0.995	0.9996	10,770,436
1,000 -	1,499	11,043,256	0.990	0.9996	10,928,450
1,500 -	1,999	9,165,381	0.985	0.9996	9,024,289
2,000 -	2,499	7,013,069	0.980	0.9996	6,870,058
2,500 -	2,999	5,601,742	0.975	0.9996	5,459,514
3,000 -	3,499	5,118,996	0.970	0.9996	4,963,440
3,500 -	3,999	4,604,189	0.965	0.9996	4,441,265
4,000 -	4,499	4,372,762	0.960	0.9996	4,196,172
4,500 -	4,999	4,122,186	0.955	0.9996	3,935,113
5,000 -	& UP	639,391,277	0.950	0.9996	607,178,744

Deduct. Level (5)	# Claims >= Deduct Level (6)	Adj Losses < Deduct. Level (7) c	[(2)*(3)* (5)*(6)] (8)	Adj Tot Ded Collected (7)+(8) (9)
500	53,333	3,627,366	26,522,554	30,149,920
1,000	38,601	14,397,802	38,199,704	52,597,506
1,500	29,605	25,326,252	43,723,891	69,050,143
2,000	24,299	34,350,541	47,606,990	81,957,531
2,500	21,159	41,220,599	51,554,432	92,775,031
3,000	19,112	46,680,113	55,593,674	102,273,787
3,500	17,533	51,643,553	59,194,020	110,837,573
4,000	16,301	56,084,818	62,570,802	118,655,620
4,500	15,271	60,280,990	65,600,872	125,881,862
5,000	14,403	64,216,103	68,386,884	132,602,987

Deduct. Level (5)	Effect of Deductible on Losses (10) d	Effect of Deductible on Manual Rate (11) e
500	0.9744	0.9790
1,000	0.9543	0.9625
1,500	0.9396	0.9504
2,000	0.9280	0.9409
2,500	0.9183	0.9329
3,000	0.9098	0.9259
3,500	0.9021	0.9196
4,000	0.8951	0.9139
4,500	0.8886	0.9086
5,000	0.8826	0.9036

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2004 DELAWARE DEDUCTIBLE STUDY

a   Adjustment factor for the amount of the deductible which will
    actually be reimbursed to the insurer by the insured.

b   Adjustment factor to put deductibles on a per occurrence basis
    instead of a per claim basis =   0.9996

c   Downward accumulation of Column (4).

d   Effect of deductible on Losses
    = [A/B - Col(9) + P*C*Col(3)] /(A/B)

>   A = Total incurred indemnity on death claims plus
>   total incurred medical on all claims =
>   sum of Column (4) =   671,394,847
>   B = Death indemnity losses plus all medical losses
>   as a % of all losses =   0.602
>   Per Table II 2004 , Sect C
>   1.All Losses   1,142,247,380
>   2.Death Indem (00)   86,564
>   3.All Medical (00)   6,787,461
>   4.[((2)+(3))/(1)]   0.602
>   *100
>   C = # of death indemnity claims plus # of claims with
>   some medical portion =   65,606
>   P = Processing expense per claim =
>   25.00

e   Total effect of deductible
    = [(Column (10) * permissible loss ratio) + fixed expenses] /
              (1 - variable expenses)

>   Fixed expenses = LAE + General + Admin
>   =   0.1410
>   Variable expenses = Acquisition + P&C + Prem Tax
>   + Workers' Comp. Fund + Misc. Tax + Prem Discount
>   + Uncollectible Premium   =   0.2136
>   Permissible Loss Ratio =   0.6454

16.3